The Oil Weapon Moment:

The 1973 Oil Embargo and its Impacts on U.S. Energy Politics

by

Basil George Atalla

Dissertation submitted to the faculty of the Virginia Polytechnic Institute and State University in partial fulfillment of the requirements for the degree of

Doctor of Philosophy

In

Planning, Governance and Globalization

Gerard Toal

Ariel I. Ahram

Chad Levinson

Sonja D. Schmid

10 December 2024

Arlington, Virginia

Key words: National Security, 1973 Arab-Israeli War, 1973 Oil Embargo, Energy Crisis, Richard Nixon, Henry Kissinger, William Simon, Securitization, Dominant Narrative, Institutional Formation, Energy Policies

The Oil Weapon Moment:

The 1973 Oil Embargo and its Impacts on U.S. Energy Politics

Basil George Atalla

Abstract

This dissertation examines the impacts of the 1973 Arab petrostate oil embargo on U.S. energy politics. I argue that the embargo was the moment that transformed oil from a domestic and highly regulated commodity into a matter of national security and competitive geopolitics. While its likelihood was foreseen by the Nixon Administration, the embargo did exacerbate an existing energy crisis that was caused by pre-embargo federal energy policies. Following the embargo, a dominant narrative emerged that viewed dependence on foreign oil supplies as an existential threat that merited extraordinary government measures. The securitization of the energy crisis allowed the Nixon Administration to implement many of its pre-embargo energy policies, including the launch of a national energy program to bring the U.S. to energy self-sufficiency by 1980. The embargo was the trigger for the creation of new governmental entities, such as the Department of Energy and U.S. Central Command, that endure to this day. It also shaped the U.S.'s close relationship with Saudi Arabia as an essential oil supplier and a key ally in the Arab world. The dissertation contests the revisionist accounts that argue that the embargo was a non-event, arguing that its impacts on U.S. domestic and foreign policies are still tangible and relevant.

The Oil Weapon Moment:

The 1973 Oil Embargo and its Impacts on U.S. Energy Politics

Basil George Atalla

General Audience Abstract

For most countries, ensuring energy security and uninterrupted oil supplies is a matter of national security and economic survival. However, for the U.S., long a major oil exporter, access to energy resources only rose to the status of a national security issue in the early 1970s. This dissertation examines the impacts of the 1973 Arab petrostate oil embargo on U.S. energy politics. I argue that the embargo was the moment that transformed oil from a domestic and highly regulated commodity into a matter of national security and competitive geopolitics. Pre-embargo rising domestic demand for oil, insufficient domestic supplies, and misdirected federal regulations had already weakened the resilience of the U.S. oil market and caused shortages. Following the embargo, the Nixon Administration launched a national program to achieve energy self-sufficiency by 1980. I argue that the value of committing the U.S. to energy autarky was essential for conveying to foes and allies that the Nixon Administration was willing to invest in a very costly national program so that it can maintain the autonomy of both its foreign policy and of the economy. I also argue that racial and cultural prejudices influenced the Nixon Administration's reaction to the embargo, in that throughout the ramp-up and during the post-embargo period, both the media and the Nixon Administration expressed disbelief at the effrontery of underdeveloped countries that were until recently Western possessions to challenge a global superpower. Following the embargo, a dominant narrative emerged that viewed dependence on foreign oil supplies as an existential threat that merited extraordinary government measures. The securitization of the energy crisis allowed the Nixon Administration to implement many of its pre-embargo energy policies. The embargo was the trigger for the creation of new governmental entities, such as the Department of Energy and U.S. Central Command, that endure to this day. It also shaped the U.S.'s close relationship with Saudi Arabia as an essential oil supplier and a key ally in the Arab world.

TABLE OF CONTENTS

Chapter One: Introduction 1

The Subject 1

Contesting Popular and Revisionist Accounts of the Crisis 2

The Public Memory of the Embargo 4

The Revisionist Accounts 6

Inaccuracies in the Public Memory and in the Revisionist Accounts 8

Focus of this Dissertation 10

Chapter Two: A Puzzle, An Argument and a Literature 12

The Puzzle 12

Literature Review 14

Chapter Three: Refined Research Questions and Dissertation Structure 22

Question 1: “Why did a new dominant narrative emerge following the oil embargo?” 22

Question 2: “How did the federal government securitize the energy crisis following the 1973 embargo?” 25

Question 3: “How did the post-embargo securitization of the energy crisis allow the implementation of pre-embargo policies?” 28

Department of Energy 29

United States Central Command 30

Structure of this Dissertation 33

Chapter Four: Energy Security as an Emerging National Security Issue 36

Brief History of Oil in the United States 37

Demand for Oil Accelerates (1969 – 1971) 41

Oil is Linked with National Security (1972 – 1973) 46

President Nixon’s Second Energy Message 49

The Ramp Up to the Embargo 50
The Blueprint for the Post-Embargo Policies 51
Still Not a Crisis 53
Embargo is Announced 54
Finally, it's an 'Energy Crisis' 57
Conclusion 58
Chapter Five: Methodological Foundations 59
The "Issue-Attention Cycle" 59
Narrative Formation and Hegemony 60
Defining the 'National Interest' 62
The Realist Approach 62
The Constructivist Approach 63
Securitization 64
Historical Institutionalism 68
Institutional Formation and Evolution 69
Process Tracing 69
Path Dependence 70
Public Policy Formation 71
Conclusion 76
Chapter Six: Pre-Embargo Oil Governance 78
Preamble: The Oil Refining Process 78
Protecting Domestic Producers 79
Price Controls 81
The Emergence of OPEC 83
Conclusion 84
Chapter Seven: Pre-Embargo Energy Crisis Narratives 86

The *New York Times* as the Newspaper of Record 86
The Energy Crisis Narratives 87
The ‘Oil Scarcity’ Narrative 89
The ‘Greedy Oil Sellers’ Narrative 91
The ‘Oil Weapon’ Narrative 95
The ‘Incompetent Government’ Narrative 97
The ‘Anti-Environmentalism’ Narrative 101
The ‘U.S. In Decline’ Narrative 103
The ‘Insufficient Energy Research Funding’ Narrative 105
Conclusion 106
Chapter Eight: Post-Embargo: Price Controls and New Oil Governance 107
The Nixon Administration Explains the Energy Crisis 107
Price Controls 108
The Mandatory Oil Allocation Program 110
Conclusion 113
Chapter Nine: “Held up by Savages”: A Post-Embargo Dominant Narrative Emerges 114
The “No to Blackmail” Posture 114
The Dominant ‘Oil Weapon’ Narrative 120
Conclusion 123
Chapter Ten: Dangers and Opportunities: The Geopoliticization of Oil 126
The Geopoliticization of Oil 127
National Security Study Memorandum 174 133
The Administration’s Soviet Union Anxieties 137
Oil as Leverage with U.S. Allies 140
Securing Steady Supplies of Oil 141
Foreign Policy Objectives and the Interests of U.S. Oil Companies 142

Shaping the Future Relationship with Saudi Arabia ... 145
Conclusion ... 148
Chapter Eleven: Energy Crisis Securitization Takes Off ... 150
Never Let a Good Crisis Go to Waste ... 150
Nixon Administration's Assessment of the Embargo's Impacts ... 154
President Nixon Addresses the Nation ... 155
The State Department's Position ... 157
Energy Emergency Action Group ... 159
The CIA's Position on Ending the Embargo ... 159
Securitization With a Positive Spin ... 163
Conclusion ... 164
Chapter Twelve: New Policies and Institutions ... 168
Consolidating and Expanding Presidential Authority ... 169
Veto of the Energy Emergency Act ... 171
Protecting the Free Market and Limiting Government ... 173
Placing the Blame on Congress ... 175
Pre-Embargo Energy Reorganization Proposals Get a New Life ... 176
The National Energy Office ... 180
The Energy Policy Office ... 180
The Federal Energy Office ... 180
The Federal Energy Administration ... 182
The Department of Energy & Natural Resources ... 183
The Committee on Energy ... 185
Conclusion ... 187
Chapter Thirteen: Conclusion ... 191
The Embargo Worsened an Existing Energy Crisis ... 192

The Geopolitization of Oil 193

Racial and Cultural Prejudices Shaped the U.S. Response to the Embargo 196

The Embargo was a Focusing Event for Pre-Embargo Policies 198

Bibliography 201

LIST OF FIGURES

Figure 1- Argument of this Dissertation Relative to Existing Literature..................................... 11
Figure 2 - Process Sequence 13
Figure 3 – Main Events.. 14
Figure 4 - Global and US CO2 Emissions in Gt per year... 16
Figure 5 - Value of Exports in Crude Petroleum 18
Figure 6 - Competing Narratives 23
Figure 7 - Google Ngram on 'energy crisis' 36
Figure 8 - Google Ngram on ‘oil weapon... 37
Figure 9- Crude Oil Production Total, Thousand Tons of Oil Equivalent (toe)........................... 39
Figure 10 - Path Dependency Following the Embargo... 71
Figure 11 – Comparison between Classical and Garbage Can Decision-Making........................ 73
Figure 12 – Key Approaches and Methodologies.. 76
Figure 13 – Crude Oil Distillation Unit and Products 78
Figure 14 – Progression of Price Controls... 82
Figure 15 – New York Times: Schematic on Gas Shortages.. 98
Figure 16 – September 23, 1973 *New York Times*: ‘Mideast Oil, American Demand, Israeli Security’ 104
Figure 17 - Pre-Embargo Institutions 177
Figure 18 - Post-Embargo Institutions.. 178
Figure 19 – Organizational Structure of the Proposed Department of Energy & Natural Resources 184

Chapter One: Introduction

Conduct an internet search on the phrase ‘oil weapon’ in the United States and one will immediately find an entry discussing the 1973 oil crisis and embargo by Arab petrostates against the United States. The 1973 oil embargo began in October 1973, and ended in March 1974, yet its impact on US geopolitical culture and its institutional effects endure to this day. Why did this event cause significant changes to the U.S.’s foreign and domestic policies? This dissertation is an examination of this event as the ‘oil weapon moment’. I argue that it transformed how the U.S. viewed energy security and its relationship with oil producers and with allies. Based on extensive archival research, this dissertation describes how the oil embargo response dovetailed with a pre-existing ‘energy crisis’ narrative, amplified it, and resulted in significant policy changes that had an enduring domestic and global impact.

The Subject

On October 17, 1973, eleven days after the outbreak of the Arab Israeli war, the oil ministers of Arab countries that are members in the Organization of the Petroleum Exporting Countries (OPEC) announced at a meeting in Kuwait a 5 percent cut in the supply of oil. They committed to a further 5 percent reduction every month until Israel evacuated all the territories it occupied following the 1967 Arab-Israeli war. On October 19, President Nixon asked Congress for $2.2 billion in emergency aid for Israel.[1] In response, Saudi Arabia and Libya announced a complete oil embargo on the United States.[2] The announcement of the embargo further worsened the Nixon Administration’s forecasts of energy shortages during the upcoming winter. Shortages of petroleum products and natural gas had already been observed in the U.S. prior to the embargo, and more shortages occurred even after the embargo was lifted. Since oil is a globally traded commodity, the 1973 reductions in the supply of Middle East oil should have been replaced by other members of the Organization of the Petroleum Exporting Countries (OPEC) that did not agree to the embargo, but that did not happen. While it seemed that the embargo had been

[1] ‘Nixon Asks $2.2-Billion in Emergency Aid for Israel’; John W. Finney; October 20, 1973; *The New York Times;* https://www.nytimes.com/1973/10/20/archives/nixon-asks-22billion-in-emergency-aid-for-israel.html
[2] ‘No Surprise to U.S.’; October 20, 1973; *The New York Times*; https://www.nytimes.com/1973/10/21/archives/oil-flow-to-us-halted-by-saudiss-no-surprise-to-u-s-follows-libyan.html?searchResultPosition=38

unevenly applied by the Arab countries that had agreed to it (Mitchell 2009), it did nonetheless make energy one of the most critical national security issues.[3] In his first 1974 message to Congress, following the embargo, President Nixon stated:[4]

> No single legislative area is more critical, or more challenging to us as a people, however, than the subject of this first message to Congress: the energy crisis. It is because of its importance and because of the urgent need for action that I have chosen to break tradition, outlining to the Congress that my legislative requests in energy before delivering my State of the Union address.

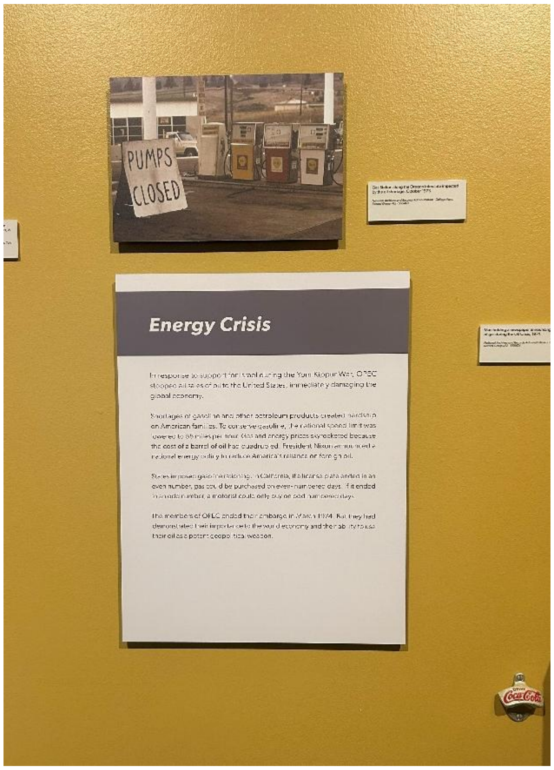
The embargo was lifted on March 17, 1974, and supplies resumed at a higher price point. The Arab petrostate Oil Embargo triggered a swift response from the U.S. government, and culminated in significant domestic and policy changes, and the formation of new governmental entities including the Federal Energy Office, the Federal Energy Administration, and eventually the Department of Energy and U.S. Central Command, the latter becoming the most active command in the U.S. military (Morrissey 2017b). The embargo unfolded as the Vietnam war was winding down, and was situated within a broader narrative about American decline (Davies 2014). Given the centrality of debates on hydrocarbon energy today, the geopolitical meaning and effects of this critical juncture in US foreign policy deserve careful archival-based analysis.

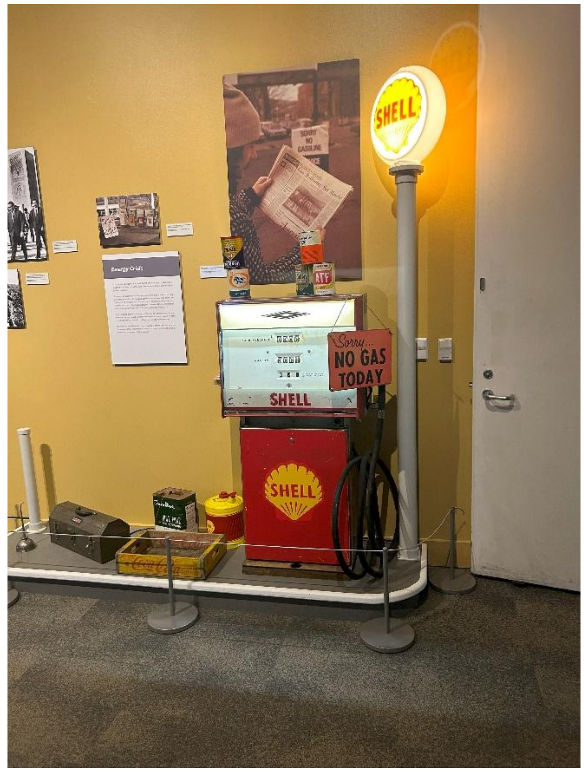
Contesting Popular and Revisionist Accounts of the Crisis

The 1973 oil embargo has a firm place in the popular imagination of the Nixon Administration and the 1970s. The popular remembrance of the event is given material form in a staged display I encountered at the Richard Nixon Presidential Library and Museum.

[3] Fact Sheet, The President's Energy Message, Office of the White House Press Secretary; January 23, 1974; White House Central Files (WHCF); Subject Files; SP (Speeches); Box 93; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[4] President Nixon's message to Congress, Office of the White House Press Secretary; January 23, 1974; White House Central Files (WHCF); Subject Files; SP (Speeches); Box 93; Richard Nixon Presidential Library and Museum, Yorba Linda, CA





Richard Nixon Presidential Library and Museum, Yorba Linda, CA

The sign next to the gas pump with the "No Gas Today" sign reads:

> Energy Crisis
>
> In response to support for Israel during the Yom Kippur War, OPEC stopped all sales of oil to the United States, immediately damaging the global economy.
>
> Shortages of gasoline and other petroleum products created hardship on American families. To conserve gasoline, the national speed limit was lowered to 55 miles per hour. Gas and energy prices skyrocketed because the cost of a barrel of oil had quadrupled. President Nixon announced a national energy policy to reduce America's reliance on foreign oil.
>
> States imposed gasoline rationing. In California, if a license plate ended in an even number, gas could be purchased on even-numbered days. If it ended in an odd number, a motorist could only buy on odd-numbered days.

> The members of OPEC ended their embargo in March 1974. But they had demonstrated their importance to the world economy and their ability to use their oil as a potent geopolitical weapon.

The sign is full of inaccuracies. First, the statement “OPEC stopped all sales of oil to the United States” is incorrect. It was the Arab countries that were members of OPEC that decided to use oil production as a tool for political pressure. Non-Arab OPEC countries, such as Iran, Venezuela, and Nigeria, were motivated by economic, rather than political considerations, and the embargo was an opportunity to sell their oil at higher prices. Furthermore, only Saudi Arabia and Libya announced a total embargo, while the other Arab countries only agreed to production cuts. Second, the price of oil did rise, but much of that increase happened prior to the embargo. Furthermore, if the price increase had solely been caused by the embargo, then it should have decreased after the embargo was lifted – except that it didn’t. Third, President Nixon never ‘announced a national energy policy’, since one of his main complaints to Congress was that the U.S. did not have an energy policy because energy-related functions were spread throughout the federal government – thus his several requests to Congress to create a Department of Energy and Natural Resources. He did nonetheless propose on November 7, 1973 a large national program – Project Independence – to wean the U.S. from its dependence on foreign oil from unreliable sources. Finally, the embargo did end in March 1974, and it might be true that the Arab countries had demonstrated their “ability to use their oil as a potent geopolitical weapon”. But since the “oil weapon” was neither mentioned nor tried again since 1973, it is doubtful that the Arab countries found it to be “potent”.

The Public Memory of the Embargo

Despite its inaccuracies, the Nixon Library display does portray what has been and remained a common narrative of the 1973 oil embargo. Its essence is that oil had been weaponized by foreign countries to create “hardship on American families”. The narrative condenses potentially complicated explanations about national security, geopolitics, oil economics, and even the balance of power with the Soviet Union during the Cold War into a simpler representation of the U.S. coming under attack by foreign powers.

Daniel Yergin, in his extensive history of oil *The Prize: The Epic Quest for Oil, Money and Power* (1991) captures the public perception when he refers to the aftermath of the embargo as “Panic at the Pump”. He writes:

> What better recipe could there have been for panic prices than the oil supply situation in the memorable final months of 1973? The ingredients included war and violence, cutbacks in supply, embargoes, shortages, desperate consumers, the specter of further cutbacks, and the possibility that the Arabs would never restore production.

On November 7, 1973, barely two weeks after the start of the embargo, President Nixon gave a Presidential Address on energy offering a wide range of proposals but also highlighting the seriousness of the challenge.[5] Notably, he urged for unity in facing the embargo, and ended his address with the following:

> Let us set as our national goal, in the spirit of Apollo, with the determination of the Manhattan Project, that by the end of this decade we will have developed the potential to meet our own energy needs without depending on any foreign energy sources.

The mention of the Manhattan Project, a top-secret World War II national program that led to the development of the first atomic bombs was not coincidental. In Yuen Foon Khong's book *Analogies at War (1992),* he argued how analogies "can be viewed as intellectual devices often called upon by policymakers to perform a set of diagnostic tasks relevant to political decision-making." Analogies help define the nature of the problem by comparing an existing situation to a previous situation that is more familiar. Historical analogies, Khong argues, influence the ensuing government policies. The invocation of the Manhattan Project further served to reinforce the public perception that the U.S. was under attack by foreign countries, and that a forceful response was critical to success. Of course, the American public was not the only intended audience for President Nixon's address. The use of the Manhattan Project analogy also clearly conveyed to the countries leading the embargo that the U.S. was ready to respond by using the most extreme measures.

---

[5] 'Address to the Nation About Policies To Deal With the Energy Shortages'; Richard Nixon; November 7, 1973; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/address-the-nation-about-policies-deal-with-the-energy-shortages

The Revisionist Accounts

More recently, the academic literature on the oil embargo as a critical moment has included varied revisionist accounts. One of the most influential revisionist accounts is by Timothy Mitchell in his book *Carbon Democracy* (2009). Mitchell argues that the control and management of energy sources, particularly fossil fuels, have shaped political systems and influenced the rise and fall of democracy. For Mitchell, the embargo is "the crisis that never happened." He argues that it is difficult to know how much of the oil price increase can be attributed to the embargo, or even by how much the supply was cut. He also argues that since the interruptions of supplies from one source could be made up from another source, then the embargo was effectively useless. The embargo, and public discussions of the 'oil weapon', caused consumers to purchase more petroleum products than they needed. The federal government worsened the crisis by adopting emergency measures that impeded the distribution of oil and made the shortages more severe.

Mitchell also accuses the oil companies of 'sabotage', in that to protect their oil profits they sought to limit the usage of other energy sources. Accordingly, they bought up rival sources of energy, so that by the late 1960s "two dozen oil firms produced three-quarters of the country's natural gas." Oil companies bought up coal companies and entered the nuclear industry such that by 1970 they also "controlled 40 percent of uranium reserves." Mitchell accuses the oil companies of limiting the supply of natural gas after the Federal Power Commission rejected their appeal for a rate increase in 1968. The oil companies raised concerns about oil scarcity by inflating the estimates of future demand while simultaneously reducing estimates of recoverable reserves. Mitchell quotes Henry Linden, the retired Director of the Institute of Gas Technology, who announced that the energy crisis was "fictitious." He mentions State Department official James Akins, Director of the Office of Fuels and Energy at the Department of State, who viewed that higher oil prices presented an opportunity to recycle petrostate capital into U.S. investments. Finally, Mitchell quotes economist Morris Adelman who argued that the 'energy crisis' and 'energy shortage' were both "fiction."

A second revisionist account is by Robert Vitalis in his book *Oilcraft: The Myths of Scarcity and Security that Haunts U.S. Energy Policy* (2020). Vitalis seeks to debunk many of the energy security "myths" that have influenced U.S. policymaking, such as the often-disproved claim that global oil supplies are insufficient to meet rising demand, or that the U.S. should seek to secure the Middle East oil sources. For Vitalis, the embargo was "a time to confuse." He claims that the embargo is best understood as "political theater whose effects on targeted audiences – Westerners and Arab citizens (or subjects) – were psychological." He also argues that the oil shortfall was insignificant because in 1973 "only about 7 percent of U.S. oil imports originated from the Middle East."

Vitalis is however correct in stating that the rise in the price of oil was driven mostly by the oil producers who demanded a larger share of the oil revenues and who took over from the oil multinationals in controlling oil production levels and pricing. However, he pushes the argument much further when he argues (P 67) that:

> […] the start of the oil revolution had nothing to do with the declaration of an embargo. Its announcement followed rather than preceded OPEC's successful effort to increase the tax rate the companies would have to pay, that is – to keep more of the new, higher price of oil on the world market. […] Historians err in imagining that the price increases reflected a sudden and dramatic cutback in productions.

He adds that shortages were not due to the embargo, but rather due to the "price and allocation controls imposed in 1971."

A more nuanced account of the embargo is provided in Rosemary Kelanic's book *Black Gold and Blackmail: Oil and Great Power Politics* (2020). Kelanic argues that two independent variables determine a country's coercive vulnerability to an oil supply disruption: petroleum deficit, which is defined as the difference between domestic oil resources and the total amount of oil a great power requires; and threat to imports, which is defined as the likelihood that an opponent could successfully block the flow of oil to a great power. Coercive vulnerability then determines which of three anticipatory strategies a great power will adopt: self-sufficiency, indirect control through alliances, and direct control through war.

Kelanic notes that there are several obstacles that prevent embargoes from being effective political coercion tools. These include the existence of multiple oil suppliers in the international trade system; the difficulty that oil producers have in agreeing on an embargo strategy and on respecting it without free riding or cheating; and third- party oil sales from non-embargoed countries to embargoed countries. Accordingly, Kelanic argues that oil embargoes tend to be ineffective.

As for the 1973 oil embargo, Kelanic argues that it had no real effect on the petroleum deficit faced by the United States. It neither changed the amount of oil the United States could produce domestically, nor did it affect U.S. needs. Kelanic adds that despite the ubiquitous media images of long lines at American gas stations, no true shortages developed. Private inventories of crude oil held in the United States were all but unchanged between July and December 1973.

Inaccuracies in the Public Memory and in the Revisionist Accounts

I argue that the revisionist account, like the public memory of the embargo, are inaccurate. For instance, contrary to what Mitchell argues, it was not possible for the U.S. to make up the shortfall of Middle East oil from other sources. National Security Study Memorandum (NSSM) 174 prepared by the National Security Council and submitted on August 14, 1973[6] argued that there were significant obstacles to diversifying oil imports (Page 35). The two principal suppliers which could have possibly replaced Saudi oil, Venezuela and Canada, had decided to limit future exports to the U.S. Venezuela announced that it had no interest to expand its production solely to meet U.S. needs, in addition to stating that its reserves were low. Canada, which anticipated high domestic demand, decided to give priority to its own requirements. So ultimately, the U.S. had no other option but Middle East (and specifically Saudi Arabian) oil.

The embargo triggered the Department of Defense's anxieties about sustaining military readiness. Even though NSSM 174 estimated that Department of Defense oil requirements could be satisfied from U.S. domestic supplies, once the embargo started the U.S. Navy found that it

[6] Executive Summary: National Security and U.S. Energy Policy paper prepared in response to National Security Study Memorandum 174; August 14, 1973; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

had difficulties with resupplying its Sixth and Seventh Fleets, since countries like Italy and Singapore feared being embargoed if found to be providing petroleum products to the U.S.[7,8]

As for Vitalis, the weakness in his argument is that it reduces the embargo by the Arab petrostates to its economic higher price and higher revenues objectives, neglecting the political dimension of the embargo as a political coercion tool during the Arab-Israeli war, and neglecting that Arab petrostates were also seeking to secure a higher price for what they deemed to be an exhaustible resource.

Finally, Vitalis' statement that in 1973 only 7 percent of oil imports originated from the Middle East is misleading. On December 4, 1973, after the impacts of the oil embargo had been widely felt, William E. Simon, Deputy Secretary of the Treasury, and Administrator, Federal Energy Office, gave a statement during which he addressed the energy shortages.[9] He indicated that oil imports rose dramatically to meet growing U.S. demand, and that imports of foreign oil would increase from 27 percent of total U.S. consumption in 1972 to about 33 percent in 1973, to over 50 percent by 1980. Accordingly, the impact of the embargo was expected to be a shortfall of about 7.5 percent of total U.S. oil requirements for the fourth quarter of 1973 and about 17.3 percent for the first quarter of 1974. The reason for the increase in shortfall between the fourth quarter of 1973 and the first quarter of 1974 is that existing oil reserves and already procured oil shipments would have been depleted. A 17.3 percent oil shortage may not be as severe as the

[7] The assessment that the DOD's needs could be met from domestic sources turned out to be incorrect. Following the embargo, many of the refineries on which the DOD depended to meet nearly half of its supply needs either stopped or reduced their supplies. DoD supply sources located on Arab soil, principally Saudi Arabia and Bahrain, stopped suppling the U.S. fleet. Singapore stopped its supplies (to avoid being subjected to an oil embargo similar to that of the Netherlands). Other countries reduced their supplies (56% in Japan, 60% in Italy, 63% in FRG, 70% in UK, 76% in Greece, and 100% in Thailand and the Philippines). This meant that the 6th and 7th U.S. fleets were operationally handicapped. Source: Paper prepared in the Office of the Director, Installations and Logistics, Department of Defense; November 27, 1973; Washington National Records Center, OASD/IL Files: FRC 330–85–0035, Petroleum—Arab Oil Embargo 1973–74. Confidential. Document # 249 in (Qaimmaqami and Keefer 2011)

[8] Ironically, one of the responsibilities of the U.S. Sixth Fleet was to secure the Arab petrostates.

[9] Statement by the Honorable William E. Simon, Deputy Secretary of the Treasury, on Federal Energy Administration and Energy Policy; December 4, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

shortages experienced by countries that are totally dependent on oil imports, but it is not insignificant.

Like Vitalis, Kelanic falls in the same trap of assuming that because shortfalls were manageable during the fourth quarter of 1973, they would remain manageable going forward. This is contrary to the Nixon Administration's studies which forecast a growing deficit in 1974 once available stocks were depleted, and which forecast that by 1980 over 50 percent of U.S. oil would originate in the Middle East. While Kelanic is right in stating that panic buying and poor Nixon Administration oil regulations were to blame for the shortages, the deployment of the oil weapon in 1973 was a wake-up call for the Nixon Administration and successive U.S. administrations to prevent the occurrence of future embargoes.

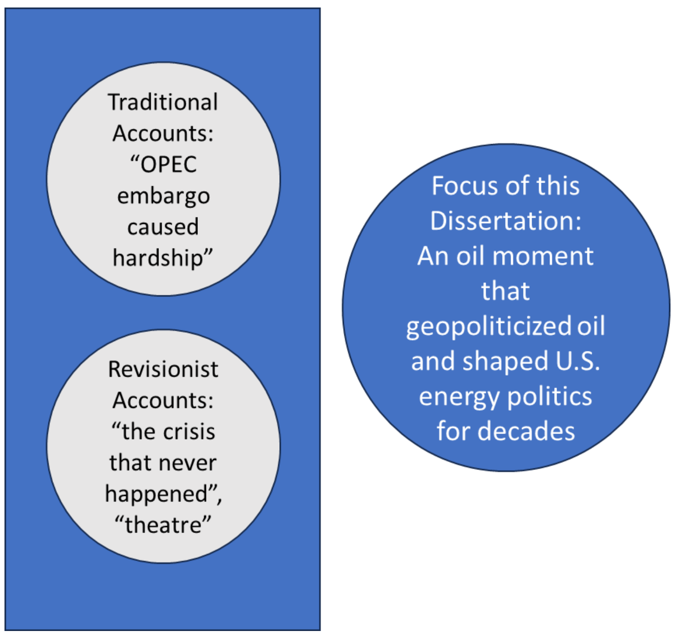
Focus of this Dissertation

I will argue in this dissertation that neither the public memory of the oil embargo nor the revisionist accounts accurately capture the impact of the event and its institutional consequences. I argue that the oil shock and the energy shortages were significant and widely felt. I also argue that the impacts of the embargo were worsened by the many regulations controlling domestic oil prices and production levels. The oil embargo was the moment when the weaponization of oil confirmed the National Security Council's position that oil had become geopoliticized and capable of being used as a tool to influence U.S. foreign policy but also for the U.S. to gain leverage against its own allies. The embargo fully transformed oil from a domestic and highly regulated commodity to a matter of national security and competitive geopolitics. Unlike some of the common perceptions that the U.S. had to defend the Middle East oil sources from the Soviet Union, I contend that the U.S. State Department used the threat of Soviet reentry into the Middle East (for instance, the potential stationing of Soviet troops in Sinai to oversee the disengagement between Egyptian and Israeli forces) as leverage to bring the Saudis to lift the embargo. At various moments during the embargo, the Nixon Administration hinted at a military response, prompting Saudi Arabia to communicate indirectly that they had mined the oil fields in anticipation of an attack. I argue that despite the many Nixon Administration statements that the U.S. will not be blackmailed, the embargo did gain Saudi Arabia a special relationship with the U.S., whereby the U.S. committed to coordinating its Arab world policies with Saudi Arabia. The oil embargo allowed the Nixon Administration to implement many of the oil-related policies that it had proposed *prior* to the embargo. Finally, racial and cultural prejudices influenced the

Nixon Administration's reaction to the embargo, in that throughout the ramp-up and during the post-embargo period, both the media and the Nixon Administration expressed disbelief at the effrontery of underdeveloped countries that were until recently Western controlled to challenge a global superpower and its allies.

My position on the oil weapon moment is not somewhere in the middle between traditional and revisionist accounts. Rather, based on extensive research of Nixon Administration internal documents and records of conversation, I develop a more comprehensive analysis to explain why the oil embargo was a crucial event, indeed an important turning point in U.S. energy politics. ***Figure 1*** presents my approach.

Figure 1- Argument of this Dissertation Relative to Existing Literature



It is often difficult, as Emily Rosenberg (2003) has argued, to distinguish between "memory" and "history," since they are both "blurred forms of representation whose structure and politics need to be analyzed not as oppositional but as interactive forms." History and memory are both social constructions, and their narratives can be perpetuated and altered by governments, private institutions, pressure groups, and media. Yet, this is what this research aims to do: it will seek to understand the narratives that emerged both prior and following the embargo, while simultaneously, through a review of Nixon Administration documents and of legislative actions, paint a factual picture of the reasoning that guided government decision-making.

The next chapter presents the puzzle and the literature review.

Chapter Two: A Puzzle, An Argument and a Literature

Prior to the embargo, demand for oil had already outpaced available domestic oil supplies, but the U.S. would not have been any different from many industrialized countries – such as Germany and Japan – that do not have access to domestic oil supplies. Yet, following the embargo, the U.S. embarked on the dual track of securing Middle East oil through political and military influence, while also seeking to achieve self-sufficiency through Project Independence.

The Puzzle

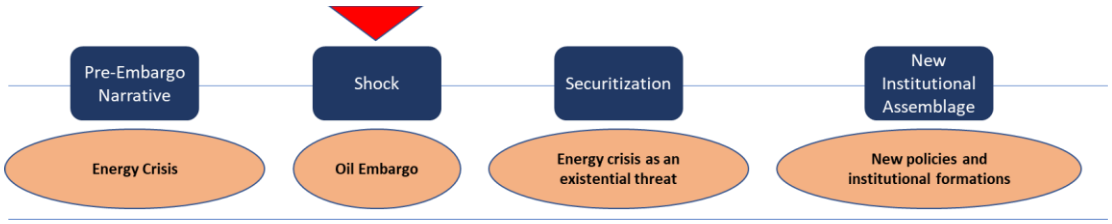
My first order research question is the following: *Why did the 1973 Arab petrostate oil embargo, arguably a relatively minor and short duration event, have such a deep and lasting impact on U.S. energy politics?* My research will argue that the embargo was a *critical juncture*, that is: a relatively short period in time during which an event occurs that has a large and enduring subsequent impact (Mahoney, Mohamedali, and Nguyen 2016). The Nixon Administration used the embargo to transform the energy crisis from a regulatory and availability matter into an *existential threat*, that is: a matter of national survival to government and society, which then justified the use of extraordinary measures and opened the way for the state to mobilize and take special powers (Buzan, Wæver, and De Wilde 1998). The research will highlight how the threat was socially constructed, securitized, and used to allow the implementation of stalled energy-related pre-embargo policies.

I will argue that the 1973 oil embargo was a turning point in U.S. energy politics, and that the measures and policies adopted by the federal government post-embargo shaped U.S. energy politics for many ensuing decades. While many of the policies implemented by the Nixon Administration had already been put forward prior to the embargo, they might not have been implemented had the embargo not placed the energy crisis at the top of the political agenda.

There have been recent claims (Vitalis 2020; Mitchell 2009) that the embargo was a non-event and that its purpose and impacts were mostly performative. I disagree with the claims that it was a non-event, but I do agree that it had performative dimensions, both for the Arab petrostates demonstrating solidarity with the Arab cause while seeking to raise the price of oil, and for the Nixon Administration which used the embargo to advance its own energy-related agenda. My research has shown that the embargo was a geopolitical crisis that could have precipitated a war over resources, and that shaped the U.S. foreign policy towards the Middle East region and specifically Saudi Arabia.

The research will demonstrate that the reshaping of national energy politics could not have happened without three interrelated processes: (i) a narrative of ‘energy crisis’ that prevailed prior to the embargo; (ii) the securitization of the energy crisis as an existential threat following the embargo; and (iii) a governmental drive that used the crisis to advance many pre-embargo energy policies and to create new institutions meant to insure against the threat. ***Figure 2*** illustrates the sequence of processes.

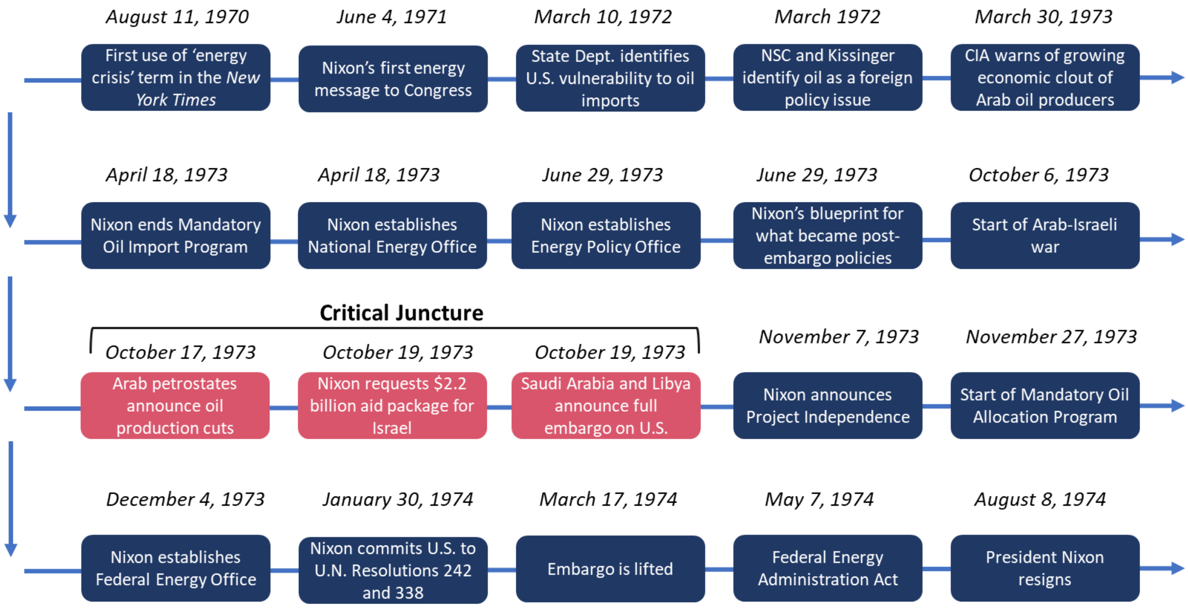
Figure 2 - Process Sequence



I will also argue that the outcome of the shock was not pre-ordained. Prior to the oil embargo, many public officials and academics had argued for less reliance on oil in favor of renewable energy, but their warnings were not heeded. Others had argued, both prior to the embargo and following the embargo, that oil shortages were caused by inadequate government policies and regulations, and that the solution was to deregulate the oil market, rather than impose additional controls.

There were a flurry of events and decisions starting in the months preceding the embargo until President Nixon’s resignation on August 8, 1974. ***Figure 3*** highlights the main events during the research’s period of focus.

Figure 3 – Main Events



Literature Review

There is an extensive body of research around oil, but its focus has dramatically shifted since the middle of the 20th century. Yergin (1991) identifies three "great themes" underlying the story of oil. First, oil is "the greatest of the great industries that arose in the last decades of the nineteenth century." Second, oil is a commodity "intimately intertwined with national strategies and global politics and power." Third, it is the engine for the rapid industrialization of the twentieth century, and for the emergence of the "Hydrocarbon Man" and "Hydrocarbon Society." The use of these terms not only denotes a societal shift, but also anticipates the term "Anthropocene," which was popularized by Paul Crutzen (2000) to describe the new geological epoch that resulted from the impacts of human activity and particularly the burning of fossil fuels on the planet.

Since Yergin, many other scholars have highlighted the importance of oil, as described in the paragraphs below.

First, oil is foundational to capitalism. As Mitchell (2009) indicates, fossil fuels, and oil in particular, are forms of energy in which great quantities of space and time have been compressed into concentrated form. Malm (2016) adds that fossil fuels removed the obstacles to self-sustaining growth. Prior to oil, water and animate resources were required to produce energy, and these were limited by land, water, and labor availability. Coal and oil made available stores of energy that are equivalent to thousands of years of organic growth, and these have allowed sustained economic growth. Malm introduces the concept of "fossil capitalism," which refers to the historical relationship between capitalism and the use of fossil fuels, particularly coal. He argues that the widespread adoption of steam power fueled by coal was central to the development of industrial capitalism in the 19th century. It is no surprise that the 1952 Resources for Freedom report (Paley 1952) normalized both sustained economic growth and the expansion of oil exploration to power it.

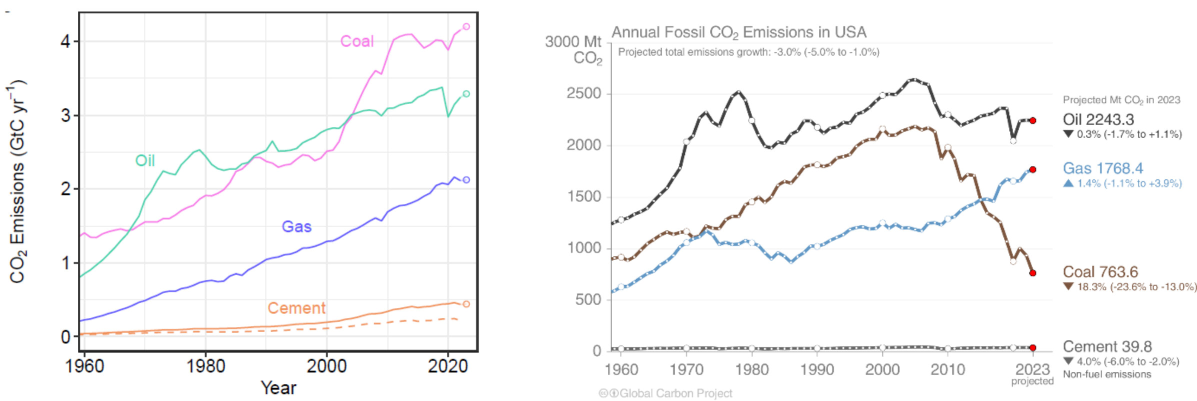
Second, oil can weaken democracies or lead to authoritarian regimes. Mitchell (2009) argues that oil and democracy seem to be mutually exclusive: oil extraction is capital intensive; requires a smaller workforce (as compared to coal extraction); and is transported through pipelines and oil tankers and thus less easily disrupted. Because Western countries did not have to rely on their own workforce, they were less vulnerable to the demands of organized labor (again, as compared to coal). Michael Ross (2012) has shown why oil and democracy do not easily mix. Oil keeps autocrats in power by enabling them to “increase spending, reduce taxes, buy the loyalty of the armed forces, and conceal their own corruption and incompetence.” Among the oil states—both in the Middle East and beyond—transitions to democracy have been a rarity.

Third, oil can become a source of conflicts. Jeff Colgan (2013) asked if countries with oil resources are more likely to engage in international conflict. His assumption is that states are more prone to conflict if both their risk aversion and the cost of conflict is low. He argues that states with revolutionary governments are more prone to go to war, because revolutions inevitably result in risk tolerant and ambitious leaders. He also argues that oil revenues (and the oil curse, more generally) should lead to more aggression since leaders face minimal accountability for failure. On the other hand, Meierding (2020) argues that wars seldom occur because of oil, though oil can play a factor. She cites several reasons for this. The exploitation of oil resources cannot happen remotely – an aggressor must maintain military presence in an occupied country over the long term. The invasion of another country will likely lead to damaging the assets that the aggressor seeks to acquire. What use are oil fields if they have been set on fire? Indeed, during the oil embargo, Saudi Arabia communicated through a back channel to the Nixon Administration that it had mined all its oil facilities in reaction to information that the U.S. was considering military action.[10] In addition, aggression will likely lead to an international backlash against the aggressor. Finally, oil production is resource intensive and costly, and it will be difficult for an aggressor to mobilize the necessary capital or recruit international expertise. Meierding reviews several case studies (e.g., the Iraq-Kuwait war) and argues that oil was not the only factor. However, as Klare (2001) indicates, demand by rapidly growing populations for scarce resources such as oil and the concentration of these resources in unstable states will likely lead to future conflicts.

Fourth, as shown in ***Figure 4***, oil and coal are the two largest global sources of greenhouse gas emissions, while in the US, oil has now become the largest source.

Figure 4 - Global and US CO2 Emissions in Gt per year

Global CO_2 Emissions in Gt per year **US CO_2 emissions in Gt per year**



Source: Global Carbon Project - https://globalcarbonbudget.org/

Accordingly, it is impossible to address the impacts of climate change without addressing the increasing use of oil and coal. However, given that oil is intrinsic to almost every industrial output, limiting its usage has been difficult. Yergin was correct to state that “Hydrocarbon Man shows little inclination to give up his cars, his suburban home, and what he takes to be not only

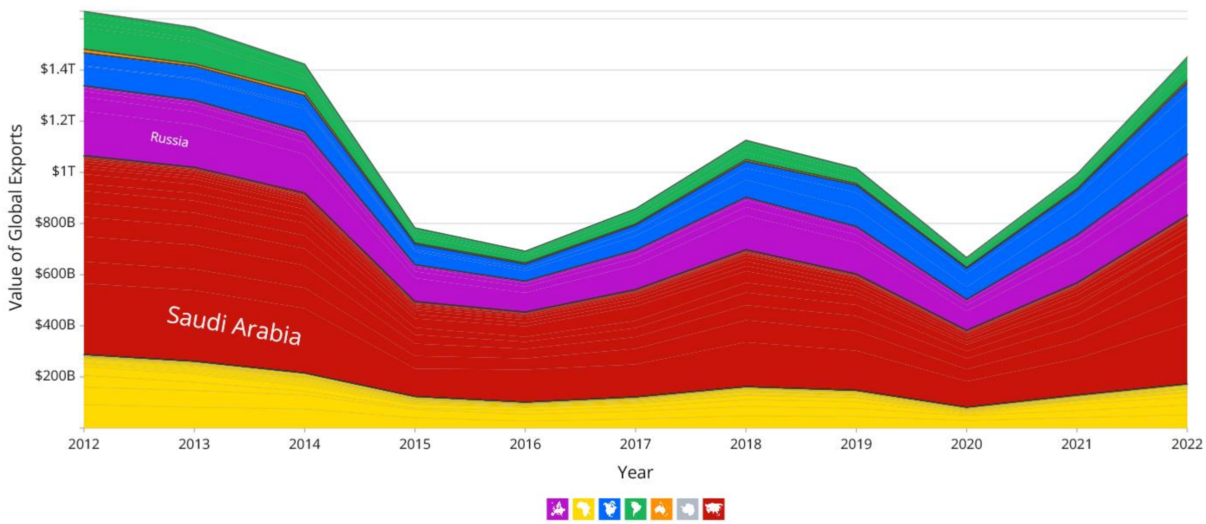
[10] Notes From Peter Rousel of the Republican National Committee to George H. W. Bush, Chairman of the Republican National Committee; November 27, 1973; National Archives, Nixon Presidential Materials, NSC Files, Box 1336, NSC Unfiled Material 1973. Document # 250 in (Qaimmaqami and Keefer 2011)

the conveniences but the essentials of his way of life" (1991). There were of course early warnings about the excessive use of oil. *The Limits to Growth* (Meadows et al. 1972), the 1972 Club of Rome's project on the 'Predicament of Mankind' argued that if current trends in energy consumption, resource depletion, industrialization, pollution, food production and population growth continued, the Earth's 'limits to growth' would be reached in the next hundred years. Yet, these early warnings were not heeded, such that oil can rightly claim to be a national security issue on two related fronts: as an engine for capitalism, and as a cause for climate change.

Fifth, as Kelanic (2020) discusses, oil is essential for the deployment of military capabilities, whether in defense or in offense. No substitute exists for military purposes, and oil is neither renewable nor recyclable. Countries that cannot guarantee themselves an adequate and reliable supply are more likely to devise anticipatory strategies that would dictate some of their foreign policies. One of the reasons for Germany's Russian campaign during World War II was access to the Caucasian oil fields and to protect the Ploiești oil fields in Romania from potential Soviet aggression. The Allied oil campaign, which targeted facilities supplying Germany with petroleum, oil, and lubrication products was critical to the defeat of Germany in World War II.

Sixth, oil is the only commodity that is surrounded by an "ideology of scarcity" – to use the expression coined by Roger Stern (2016) – while being simultaneously the most globally traded commodity in terms of value. As shown in ***Figure 5***, the value of exports of crude petroleum in 2022 was $1.45 trillion. In comparison, other top commodities, such as natural gas, iron ore and gold, trade only in the hundreds of billion per year.

Figure 5 - Value of Exports in Crude Petroleum



Source: The Observatory of Economic Complexity (MIT Media Lab) https://oec.world/en/profile/hs/crude-petroleum

As Stern indicates, predictions of 'peak oil' during the 20th century, i.e., the moment when oil production reaches a maximum and then inexorably declines, have all been mistaken. Yet, peak oil forecasts have had a profound influence on U.S. foreign policy and have led US policymakers to assume that rival powers will seek to usurp dwindling supplies or that disaffected exporter states would decline to sell. As the U.S. started to rely in the 1960s on oil imports to meet domestic demand, U.S. policymakers elevated the perceived importance of foreign supply. Surprisingly, oil policies were not reconsidered even when scarcity failed to materialize. Scarcity ideology's economic corollary, the oil weapon, was likewise exaggerated. Exporting countries are unlikely to forgo oil revenues just to make political points with oil importing countries, and the 'oil weapon' was last used in 1973.

As for the 1973 oil embargo, there is a large body of literature on: (i) how U.S. government pre-embargo regulations reduced the resilience of the oil market and made it more prone to disruption (Adelman 1972a; Solow 1974; Glasner 1985; Kalt 1981); (ii) the Strategic Petroleum Reserve ((Beaubouef 2007); and (iii) Project Independence (Tietenberg and Toureille 1976).

Glasner (1985) has well summarized how the U.S. government's initial response to the embargo amplified its economic impact. For instance, one of the many imposed government regulations mandated that the price of petroleum products could be increased once a month.

Accordingly, dealers had an incentive to sell supplies early in the month, and to build up stocks later in the month in anticipation of a price increase. To respond to the shortages, Congress passed the Emergency Petroleum Allocation Act (EPAA) on November 27, 1973, and the President set up the Federal Energy Office to prepare, implement and enforce the regulations and allocations required by the EPAA. In brief, mandatory allocations and price controls worsened the impact of the embargo, as recognized by the Nixon Administration's own internal communications.

There were early calls for deregulating the oil market. A prominent economist, Robert Solow, at the 1973 annual conference of the American Economic Association, gave an economic justification (Solow 1974) for allowing resource extraction to be strictly controlled by market forces. As he explained, a resource left in the ground increases in value as its market price rises, and owners will have an incentive not to extract it (since they are gaining from its capital appreciation). Resource owners will only have an incentive to extract once the price drops below what they might obtain on their capital if invested in similarly risky projects.

In 2014, the journal of *Historical Social Research* dedicated one of its issues (Vol. 39 Issue 4 – 2014) to the energy crises of the 1970s. Three articles from that issue are worth summarizing.

Lifset (2014) starts by situating the 1973 energy crisis during a decade of "fundamental transformations in American cultural, political and economic life." The crisis occurred as the U.S. was recovering from political assassinations, the end of the Vietnam War, economic decline and inflation. Lifset argues that the 1973 energy crisis is commonly interpreted as triggered by the oil embargo, but that it was effectively three separate but related crises: First, the oil crisis; second the natural gas crisis; and third, the electrical utility sector crisis. Lifset argues that the United States would have experienced an oil crisis, a natural gas crisis and an electrical utility crisis with or without the 1973 oil embargo. The embargo only exacerbated and overshadowed existing problems in the energy economy.

For Graf (2014), the 1973 oil crisis is "part of a process" of oil producing countries claiming sovereignty over their natural resources. Graf expands the definition of "sovereignty". It is no longer just about power over a territory. Instead, he extends it to governments that have the authority to exert sovereign rights. In Graf's definition, sovereignty is a claim, and "a social concept" that has "an inherently communicative and symbolic dimension." In that sense, the embargo challenged the Western industrialized countries' international legal sovereignty over oil resources in other states' territories. Accordingly, for oil consuming countries, the oil crisis amounted to a crisis of sovereignty and political authority. The U.S. government's reaction to the embargo was therefore an attempt to re-establish lost sovereignty in the field of energy, and it did this through (1) institutional reorganization (e.g., the establishment of a Department of Energy); (2) the use of expert knowledge; (3) regular public communications; and (4) diplomatic communication with both producing and fellow consuming countries.

For Madureira (2014), the "oil shock" has become synonymous with unpredictable geo-political twists and economic impacts. Contrary to a common narrative that explains that the "oil weapon" was used "in defense of Arab people and Arab land", he argues that three distinct views on the oil crisis have developed since 1973. The first view stresses political-military factors, in that President Sadat of Egypt and King Faisal of Saudi Arabia triggered the oil shock as part of their strategy to pressure the United States during the 1973 war. The second view focuses on economic conditions and states that tight oil supplies in 1973 created good conditions for oil producing nations to hike prices. The third view stresses political conditions that attribute the price increases to the transfer of property rights from international oil companies to national governments. Madureira argues that by 1973 increasing oil production no longer served Arab interests and therefore the timing was right for using production curtailment as a tool for political influence. The reasons against increasing production included the producing countries' inability to absorb rising export revenues and the uneconomical pace of reserve depletion (since with rising prices, oil producers would achieve greater capital gains by keeping oil in the ground). He argues that in retrospect, the decision to use the "oil weapon" should seem evident: tight international markets with excess demand, no spare capacity, inelasticity of supply in the short and medium term, national interest in restraining production, and Arab self-interest in cooperation during the 1973 war to influence U.S. foreign policy. In that sense, the oil crisis would have occurred irrespective of the Arab-Israeli conflict.

In summary, existing research has focused either on the importance of oil, or on the reasons for the energy crisis and the measures that were put in place by the federal government to address it. While the oil embargo is widely recognized as a significant moment in U.S. history, there are wide discrepancies between the embargo's public memory, and between the various accounts that described its impacts on foreign and domestic policies. My research situates the embargo during a unique U.S. socio-cultural moment, with recent political assassinations (Martin Luther King, Robert F. Kennedy), the end of the Vietnam War, economic decline and inflation, price controls and heavy-handed energy regulations. This moment coincided with a decline of control by oil companies and Western industrialized countries as OPEC member countries started to exert their sovereignty over their natural resources. It also coincided with Arab petrostates deciding to deploy the 'oil weapon' to demand a resolution of the Arab-Israeli conflict. It is this confluence of circumstances that shaped the Nixon Administration's response to the embargo in ways that had an enduring effect on U.S. energy politics.

Chapter Three: Refined Research Questions and Dissertation Structure

My first order research question is the following: *Why did the 1973 Arab petrostate oil embargo, arguably a relatively minor and short duration event, have such a deep and lasting impact on U.S. energy politics?*

Significant changes in government policies occur during *critical junctures* (Mahoney, Mohamedali, and Nguyen 2016), which are relatively brief episodes during which: a) the range of possible outcomes that might take place in the future briefly but dramatically expands; and b) events occur that quickly close off future possibilities and set into motion processes that track specific future outcomes. I argue that the embargo is such a critical juncture, that it triggered a set of temporally ordered and causally connected events, and that each event within the sequence is in part a reaction to temporally antecedent events. I argue that these events – for instance the creation of new government entities and the imposition of mandatory oil allocations – could not have occurred without a securitizing discourse that allowed the federal government to implement the policies that they had proposed prior to the embargo but had been unable to actualize. Finally, I argue that securitization was contingent on a dominant narrative that emerged following the embargo, that painted the U.S. as under attack by foreign powers.

To summarize, I argue that the reshaping of U.S. national energy politics could not have happened without three interrelated processes: (i) a narrative of 'energy crisis' that prevailed prior to the embargo; (ii) the securitization of the energy crisis as an existential threat following the embargo; and (iii) a governmental drive that used the crisis to advance many pre-embargo energy policies and to create new institutions meant to insure against the threat.

Three research questions that are second order refinements emerging from my central research questions will address the three processes identified above.

Question 1: "Why did a new dominant narrative emerge following the oil embargo?"

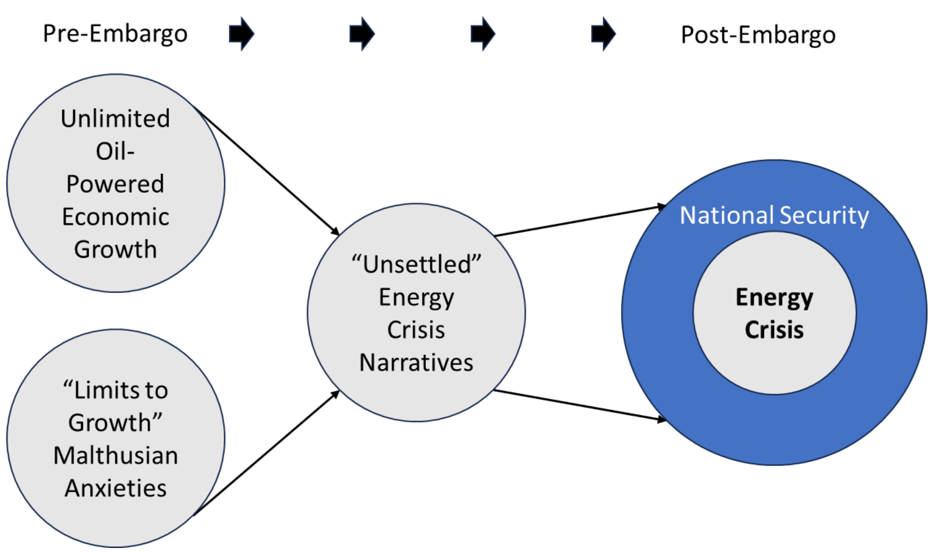
The pre-embargo narratives on energy security are the starting point for the proposed research. My intent is not to explain how the government's efforts to control prices and mitigate supply disruptions weakened the resiliency of U.S. energy markets. Rather, I will show how the pre-embargo energy crisis narratives caused the pro-business, pro-free market Nixon

Administration to intervene and place additional market controls with which they politically disagreed.

The 1960s saw two competing *energy* narratives which were replaced by several *energy crisis* narratives by the early 1970s. Following the embargo, the 'Oil Weapon' narrative became the prevalent narrative, as evidenced by President Nixon's reference to the Manhattan Project, a weapons program, when describing the U.S. response to the crisis in his November 7, 1973 speech.

The first energy narrative described a state of unbounded economic growth fueled by steady supplies of material resources that the US government had an obligation to secure. The second energy narrative described a state of environmental degradation caused by the burning of fossil fuel along with Malthusian anxieties about the planet reaching its "limits to growth." By the early 1970s, these first two narratives were replaced by several narratives describing a worsening energy crisis and an unsustainable U.S. dependence on foreign oil originating from unreliable Middle East sources. Following the embargo, the energy crisis narratives became subsumed under a broader national security umbrella. ***Figure 6*** shows the sequencing of these narratives.

Figure 6 - Competing Narratives



The first narrative was formulated in the 1952 *Resources for Freedom* (1952), a report of the President's Commission on Natural Resources, known as the Paley Commission, which normalized the economic growth paradigm as the overarching political priority of the twentieth century. In addition, it prioritized the further expansion of fossil fuels - most specifically oil - to power economic growth (Altvater 2007; Pfister 2010). Indeed, as Malm (2016) had discussed, coal and oil had finally removed the obstacles to "self-sustaining growth," and broke with the Ricardian concept that growth was bound by shared land and water resources. Before fossil fuels, economies were dependent on land for food, fodder, building materials, and other essentials. Fossil fuels broke the constraint of land availability because they bypassed restricted surface area in favor of energy sources, such as coal, that had accumulated over millennia.

The second narrative was formalized with the publication of *The Limits to Growth* document (Meadows et al. 1972), the Club of Rome's project on the 'Predicament of Mankind' which argued that if current trends in energy consumption, resource depletion, industrialization, pollution, food production and population growth continued, the Earth's 'limits to growth' would be reached in the next hundred years. In a July 8, 1971 article, John Noble Wilford, the *New York Time*'s science reporter and future Pulitzer Prize winner asked if unbridled growth was indispensable to the good life.[11] Noble acknowledged the tradeoff between limiting energy consumption and jeopardizing the country's economic and political stature. Presciently, Noble noted that "the American people would not easily accept more controls unless the energy crisis got much worse." The article noted that a recent energy report by the President's Office of Science and Technology suggested a re-examination of the present rapid rate of energy growth considering a limited resource base and the impact of growth on the environment. The article recognized that restrictions on energy consumption or reductions in economic development to curb energy demand would lead to economic pain, including higher unemployment.

In addition, the 1960s and 1970s saw a rising public awareness and interest in environmental conservation, as demonstrated by the success of Rachel Carson's book *Silent Spring* (1962) which warned about the effects of the indiscriminate use of pesticides. Thereafter, the Clean Air Act was enacted in 1963, the National Environmental Policy Act (NEPA) in 1969 and the Nixon administration created two new agencies, the Council on Environmental Quality (CEQ) in 1969 as part of the Executive Office and the independent Environmental Protection Agency (EPA) in 1970. The CEQ was assigned additional responsibilities by the Environmental

[11] 'Nation's Energy Crisis : Is Unbridled Growth Indispensable to the Good Life?'; John Noble Wilford; July 8, 1972; *The New York Times*; https://www.nytimes.com/1971/07/08/archives/nations-energy-crisis-is-unbridled-growth-indispensable-to-the-good.html?searchResultPosition=17

Quality Improvement Act of 1970. Ironically, with the emerging energy crisis, the Nixon administration repeatedly requested from Congress a relaxation of environmental standards to allow – or even to require – power plants and industrial facilities to switch from oil to coal.

My research has found that there were at least seven competing (or "unsettled, as per Krebs (2015)) energy crisis narratives during the early 1970s: 1) The 'oil scarcity' narrative; 2) The 'greedy oil sellers' narrative; 3) The 'oil weapon' narrative; 4) The 'incompetent government' narrative; 5) The 'anti-environmentalist' narrative; 6) The 'U.S. in decline' narrative; and 7) The 'Insufficient Energy Research Funding' narrative. The embargo gave credence to the 'oil weapon' narrative, and the Nixon Administration's public communications turned it into a dominant national security narrative that set the stage for an aggressive government response and the various energy policies that followed.

Question 2: "How did the federal government securitize the energy crisis following the 1973 embargo?"

The securitization of the energy crisis allowed it to be transformed from being a matter of resource pricing, allocation and distribution to a national security issue that merits a range of policy and regulatory frameworks, a large domestic bureaucracy, and a more aggressive military posture in the Middle East. All the while, as the research will show, the U.S. administration was convinced that U.S. allies, like Europe and Japan, were more negatively impacted than the U.S. by supply disruptions.

With heating oil shortages and long lines at gas stations following the embargo, on November 7, 1973 President Nixon made a Presidential Address on energy offering a wide range of proposals but also highlighting the seriousness of the challenge.[12] Recognizing that the nation's energy needs had exceeded available supplies, he announced several short- and long-term measures. The short-term measures included preventing industries and utilities using coal from converting to oil, reducing the number of flights and the supply of heating oil, and

[12] 'Address to the Nation About Policies To Deal With the Energy Shortages'; Richard Nixon; November 7, 1973; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/address-the-nation-about-policies-deal-with-the-energy-shortages

committing to faster licensing of nuclear power plants. He also called for an emergency energy act, which would relax environmental regulations on a temporary, case-by-case basis, while also funding increased domestic exploration, development, and production. Long term, President Nixon proclaimed that the U.S. should seek energy self-sufficiency, and that it would do so through "Project Independence", on par with the Manhattan and Apollo projects.

The linking of oil with national security may have been cemented by the 1973 oil embargo, but it certainly did not end once the embargo was lifted. The Treasury Department issued a "Report of Investigation of Effect of Petroleum Imports and Petroleum Products on the National Security", dated January 13, 1975, and authored by David R. Macdonald, Assistant Secretary of the Treasury for Enforcement, Operations and Tariff Affairs.[13] Because of its linkage with national security, no public input was sought for the investigation, as the Treasury Secretary determined that it would be "inappropriate to hold public hearings, or otherwise afford interested parties an opportunity to present information and advice relevant to this investigation".

Asked to comment, other government departments expressed their agreement with the Report's conclusions. Secretary of State Henry Kissinger, in a January 11, 1975 letter to Treasury Secretary William Simon, agreed that the oil embargo "demonstrated our vulnerability" and indicated that the higher oil prices meant a massive transfer of wealth from the U.S. to "oil rich states who do not share our foreign policy objectives."[14] He added that it will also cause a "serious erosion of the political power of the United States and its allies relative to the Soviet Union and China." A memorandum from the Assistant Secretary of Defense dated January 9th, 1975 indicated that the "nation must have the capability to meet the essential energy

[13] Report of Investigation of Effect of Petroleum Imports and Petroleum Products on the National Security Pursuant to Section 232 of the Trade Expansion Act, As Amended, The Assistant Secretary of the Treasury for Enforcement, Operations and Tariff Affairs, David R. Macdonald; January 13, 1975; Program Records; Record Group Number 51; Entry Number AI 207; National Archives Identifier 7364690; Box 2; National Archives, College Park

[14] Annex B, Report of Investigation of Effect of Petroleum Imports and Petroleum Products on the National Security Pursuant to Section 232 of the Trade Expansion Act, As Amended, The Assistant Secretary of the Treasury for Enforcement, Operations and Tariff Affairs, David R. Macdonald; January 13, 1975; Program Records; Record Group Number 51; Entry Number AI 207; National Archives Identifier 7364690; Box 2; National Archives, College Park

requirements of its military forces and of its civil economy from secure sources not subject to military, economic or political interdiction."[15]

Another example is from the Department of Commerce. Frederick Dent, Secretary of Commerce, in a January 10, 1975 memorandum to the Secretary of the Treasury, agreed that "imports of petroleum at current volumes and circumstances, including the current level of OPEC prices, threaten to impair the national security."[16] Yet another is from Alan Greenspan, Chairman of the Council of Economic Advisors, who declared in a January 8, 1975 letter to the Treasury Department that "petroleum and petroleum products are now being imported in quantities such that serious damage to national security would result from interruption of these imports."[17]

Summarizing the emergent thinking, Frank Zarb, Administrator of the Federal Energy Administration (the Department of Energy's predecessor) in a January 11, 1975 letter to David Macdonald, stated that "It is our judgment that, whatever its source, imported oil is inherently less secure than domestic oil. Oil import shortfalls jeopardize the national security of the U.S. and other oil dependent nations because they impose severe economic costs."[18]

[15] Annex B, Report of Investigation of Effect of Petroleum Imports and Petroleum Products on the National Security Pursuant to Section 232 of the Trade Expansion Act, As Amended, The Assistant Secretary of the Treasury for Enforcement, Operations and Tariff Affairs, David R. Macdonald; January 13, 1975; Program Records; Record Group Number 51; Entry Number AI 207; National Archives Identifier 7364690; Box 2; National Archives, College Park

[16] Annex B, Report of Investigation of Effect of Petroleum Imports and Petroleum Products on the National Security Pursuant to Section 232 of the Trade Expansion Act, As Amended, The Assistant Secretary of the Treasury for Enforcement, Operations and Tariff Affairs, David R. Macdonald; January 13, 1975; Program Records; Record Group Number 51; Entry Number AI 207; National Archives Identifier 7364690; Box 2; National Archives, College Park

[17] Annex B, Report of Investigation of Effect of Petroleum Imports and Petroleum Products on the National Security Pursuant to Section 232 of the Trade Expansion Act, As Amended, The Assistant Secretary of the Treasury for Enforcement, Operations and Tariff Affairs, David R. Macdonald; January 13, 1975; Program Records; Record Group Number 51; Entry Number AI 207; National Archives Identifier 7364690; Box 2; National Archives, College Park

[18] Annex B, Report of Investigation of Effect of Petroleum Imports and Petroleum Products on the National Security Pursuant to Section 232 of the Trade Expansion Act, As Amended, The Assistant Secretary of the Treasury for Enforcement, Operations and Tariff Affairs, David R. Macdonald; January 13, 1975; Program Records; Record Group Number 51; Entry Number AI 207; National Archives Identifier 7364690; Box 2; National Archives, College Park

Reiterating the Report's conclusions, Treasury Secretary William Simon sent a January 14, 1975 memorandum to President Nixon indicating that the importation of oil products into the United States will "threaten to impact the national security."[19]

Surprisingly, while government officials were in agreement that oil imports had become a national security issue, a survey of corporate officials conducted by the (now defunct) International Management and Development Institute and submitted to Treasury Secretary Simon on March 31, 1975 indicated that in response to the question "How severe is the problem of energy shortages and high prices in terms of your present operations and future planning?", zero percent indicated that it was "Very, very severe," 47 percent indicated that it was "Severe, but by no means of crisis proportions," 27 percent indicated that it was "A difficult problem, but just one of many," and 13 percent indicated that it was "An annoyance, but certainly not one of our greater concerns."[20] Clearly, the private sector companies that were surveyed did not share the government's opinion that imported oil has become a national security crisis.

Question 3: "How did the post-embargo securitization of the energy crisis allow the implementation of pre-embargo policies?"

The research will show that the intent to consolidate all energy-related government departments was raised by President Nixon immediately prior to the embargo but took on special urgency following the embargo. The Department of Energy, which was enacted in 1977, can trace its roots to the Department of Energy and Natural Resources (DENR), which was proposed by President Nixon on April 18, 1973, prior to the embargo, but which gained higher priority following the embargo. In addition, the United States Central Command (CENTCOM), which was inaugurated in 1983, also had its roots in the 1973 oil embargo and in the Nixon

[19] Memorandum to the President: Report on Section 232 Investigation on Petroleum Imports; January 14, 1975; Program Records; Record Group Number 51; Entry Number AI 207; National Archives Identifier 7364690; Box 2; National Archives, College Park

[20] Results of Survey of Corporate Associates, International Management and Development Institute; April 1, 1975; Program Records; Record Group Number 51; Entry Number AI 207; National Archives Identifier 7364690; Box 3; National Archives, College Park

Administration's realization that it was going to be increasingly dependent on Middle East oil to meet the growing oil demand of the U.S. and of its allies.

Department of Energy

There was a flurry of new energy-related organizations following the embargo. On December 4, 1973, a few weeks after the start of the embargo, President Nixon centralized the government's major energy resource management functions into one entity (Qaimmaqami and Keefer 2011). A Federal Energy Office (FEO) in the Executive Office of the President was mandated to coordinate U.S. efforts to cope with the oil embargo and to allocate supplies of crude oil and refined petroleum products.

William E. Simon, then serving as Deputy Secretary of the Treasury, was appointed on December 4, 1973, as the first Administrator of the FEO. On December 9, 1973, Mr. Simon announced the creation of ten regional FEO offices with full-time interim directors.[21] On December 11, 1973, his Deputy, John Sawhill, announced the creation of a Special Economic Impact Office which was intended to work with the President's Council of Economic Advisors and other Federal agencies to minimize the impact of the energy crisis.[22] On December 14, Administrator Simon declared the formation of seven Citizen Advisory Committees to give him expert counsel and information in dealing with the energy crisis.[23]

The Federal Energy Office also assumed responsibility for President Nixon's proposal for "Project Independence." By April 1974, the FEO consisted of 1,497 Washington headquarters employees and 982 field office employees, divided among ten regional offices. In May 1974, in order to assume and to expand on the FEO's functions of fuel allocation, pricing regulation, energy data collection, and energy supply expansion, the Federal Energy Administration was

---

[21] Federal Energy Office Press Release; December 9, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); William E. Timmons; Series I: Subject Files 1973 – 1974; Box 34; Richard Nixon Presidential Library and Museum, Yorba Linda, CA
[22] Federal Energy Office Press Release; December 11, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); William E. Timmons; Series I: Subject Files 1973 – 1974; Box 34; Richard Nixon Presidential Library and Museum, Yorba Linda, CA
[23] Federal Energy Office Press Release; December 14, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); William E. Timmons; Series I: Subject Files 1973 – 1974; Box 34; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

created. The Federal Energy Administration was charged with fuel allocation and pricing regulation, and energy data collection and analysis. It was also directed by the President to plan broad energy conservation measures and ways to expand energy supplies. A top priority was to complete the planning of “Project Independence,” which was finalized in November 1974 (*Project Independence blueprint : final task force report[s]* 1974).

Gerald R. Ford, who succeeded Nixon in August 1974, signed the Energy Reorganization Act of 1974 on October 11, 1974. The Act created the Energy Research and Development Administration and the Nuclear Regulatory Commission – which had both been requested by the Nixon Administration – to manage long-term energy research and to regulate the nuclear power industry. The Act also created the Energy Resources Council to coordinate federal energy policy formulation and implementation.

The Department of Energy Organization Act of 1977, signed into law by President Jimmy Carter on July 27, 1977, was the legislative trigger for forming a Cabinet level Department that brought together a loosely knit amalgamation of energy-related programs scattered throughout the Federal government. The intent was to provide the framework for a comprehensive and balanced national energy plan. While the Nuclear Regulatory Commission, which was created in 1974, maintained its regulatory duties in areas like reactor safety and radiation protection, the Department of Energy (DOE) absorbed the functions that had previously been vested in the Federal Energy Administration (FEA) and in the Energy Research and Development Administration (ERDA). DOE undertook responsibility for long-term, high-risk research and development of energy technology, federal power marketing, energy conservation, the nuclear weapons program, energy regulatory programs, and a central energy data collection and analysis program.

United States Central Command

For most countries, ensuring energy security and uninterrupted oil supplies is a matter of national security and economic survival. However, for the U.S., long a major oil exporter, access to energy resources only rose to the status of a national security issue in the early 1970s. Indeed, by the late 1960s, not only had the U.S. become a net importer, but also the growth in demand for oil exceeded the growth in Gross Domestic Product (GDP), due to a shifting of energy resources away from coal towards oil. Simultaneously, there were new environmental standards such as the Clean Air Act of 1970 that accelerated the transition away from coal towards oil, right when the regulatory environment was designed to deter the necessary oil imports that could have satisfied rising U.S. demand.

As the U.S.'s demand for oil grew, oil producing countries and OPEC sought to assert their sovereignty over their natural resources and to start setting production goals and prices instead of leaving this task to the multinational oil companies.

In 1972, the State Department warned that domestic oil supplies were no longer sufficient to meet growing demand and that by 1980 the U.S. would need to import half of its oil needs, mostly from Arab petrostates.[24] Nonetheless, this warning was still not recognized by the White House as an urgent national security matter. On October 14, 1973, just a few days before the start of the embargo, Secretary of State Kissinger asked the Deputy Secretary of Defense William Clements and the Deputy Director of the Energy Policy Office Charles DiBona about U.S. oil reserves in case of an embargo by the Arab petrostates.[25] Neither one had a clear answer, demonstrating that the Nixon Administration had not yet developed the required oil knowledge or expertise.

Following the embargo, there were some in the Nixon Administration who advocated for a military response. For instance, on October 27, 1973, during a telephone conversation between White House Chief of Staff Alexander Haig and Secretary of State Henry Kissinger, Haig indicated that Secretary of Defense James Schlesinger had mentioned "putting troops in crucial states to get oil." Kissinger responded: "I do not think we can survive with these fellows in there at Defense – they are crazy."[26] It is reasonable to speculate that the recent Vietnam War experience and the knowledge that Saudi Arabia may have already mined the oil wells in

---

[24] Memorandum from Secretary of State William Rogers to President Nixon, March 10, 1972; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[25] National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–117, Washington Special Action Group, WSAG Minutes (Originals) 7/27/72–9/20/73. Top Secret; Sensitive. The meeting occurred in the White House Situation Room. Document # 214 in (Qaimmaqami and Keefer 2011)

[26] National Archives, Nixon Presidential Materials, NSC Files, Kissinger Telephone Conversation Transcripts, Box 23, Chronological Files. Document # 244 in (Qaimmaqami and Keefer 2011)

anticipation of an attack mitigated against a military response by the Nixon Administration. In addition, a military response would likely have led to even higher oil prices.

I will argue in this research that the 1973 oil embargo transformed oil from a highly regulated but widely available domestic commodity to a matter of national security and competitive geopolitics. This transformation meant greater attention to the Middle East region by successive Administrations, in what Morrissey(2017a) has described as "necessary military interventionism in the name of securing the global economy". As Mona Domosh (2013) has argued, "geoeconomic imaginings have long coexisted with geopolitical formulations in U.S. national security discourse." President Sadat's expulsion of Soviet military advisors from Egypt in 1972, the special U.S.-Saudi Arabia relationship following the 1973 embargo, and the signing of the Camp David Accords in 1978 between Israel and Egypt meant a shifting of the balance of power in the Middle East in favor of the United States, which reduced the need for U.S. military projection. This dramatically changed with the Iranian revolution in 1979, which brought down a key U.S. ally in favor of an Islamic regime that was openly hostile to the U.S. Soon thereafter, in December 1979, the Soviet Union invaded Afghanistan. In his State of the Union Address in January 1980, President Carter declared that an attempt by "any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force."[27] To rebuild the U.S. position in the region, the Carter administration introduced a new Persian Gulf Security Framework (PGSF), consisting of a number of military, diplomatic, economic, and covert steps (Bliddal 2011). An integral part of the PGSF was the creation of the Rapid Deployment Joint Task Force (RDJTF), the immediate precursor to today's United States Central Command (CENTCOM), which was formally established in 1983 during the Reagan Administration.

CENTCOM would become the most active command in U.S. military history (Morrissey 2017b). To this day, CENTCOM's mission is predicated by a geoeconomic imagination tightly

---

[27] 'The State of the Union Address Delivered Before a Joint Session of the Congress.'; January 23, 1980; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/the-state-the-union-address-delivered-before-joint-session-the-congress

coupled with universalist claims about guarding the free-market global economy. As clearly stated by CENTCOM Commander, General J.H. Binford Peay, III, (1995):

> Maintaining security and stability of the region is integral to the economic well-being and political stability of the entire world. Sixty-five percent of the world's proven oil reserves are located in the region, from which the U.S. imports 22% of its needs; […]
>
> Our nation has several vital interests in the region maintaining the free flow of oil at stable and reasonable prices; ensuring freedom of navigation and access to commercial markets' assurance the security of American citizens and property abroad; and promoting the security of regional friends in the context of a comprehensive Middle East peace. And clearly, other American interests include promoting respect for human rights, encouraging democratization, countering drug traffickers, advancing economic development, opposing proliferation of weapons of mass destruction, and defeating terrorism.

It is notable that Gen. Binford Peay placed oil ahead of other universalist values such as respect for human rights. As Morrissey (2017a) observed, the military enabling of geoeconomic opportunities has been a key element of US foreign policy over the last 30 years, and geoeconomic deterrence is integral to CENTCOM's mission. Ensuring steady oil supplies both for the U.S. and for its allies, and projecting military power into the Middle East were fully coalesced following the embargo, though it took two more shocks – the Iranian Revolution and the Soviet invasion of Afghanistan – to convince the Carter and Reagan Administration to establish a new military command dedicated to this dual objective.

Structure of this Dissertation

The following chapters build the case for why the 1973 oil embargo was a defining moment for U.S. energy politics.

Chapter Four starts with a brief history of oil in the U.S. It then describes the evolution of the Nixon Administration's conceptualization of energy security from 1969 to the period following the embargo. The Administration could both foresee from early on the possibility of an oil embargo and that the embargo would be launched for political purposes, but it did not expect that it would take place in 1973. National Security Advisor Kissinger argued that increasing dependence on Middle East oil could have foreign policy implications. President Nixon acknowledged that the country was going through an energy crisis one month after the embargo was launched.

Chapter Five describes the theoretical foundations that supported the development of my arguments. I start with the “issue-attention’ cycle which sheds light on how some crises rise to the top of the political agenda. Narrative formation is critical for explaining how the several energy crisis narratives swirling prior to the embargo coalesced into one dominant narrative. Understanding how the government defines national interest clarified how the Nixon Administration viewed its role vis-à-vis the stakeholders affected by the embargo, and particularly the U.S. oil multinationals. Securitization theory was essential for explaining how the energy crisis – once securitized – allowed the Nixon Administration to implement many of its pre-embargo energy policies. Historical institutionalism and critical juncture theory explain how several government agencies were formed following the embargo and why they endure. The garbage can model of policy making explains why the federal government advanced its pre-embargo policies following the embargo, even though these policies were not specifically designed as a solution to the embargo.

Chapter Six explains the oil sector governance during the pre-embargo period. I have argued that the government was seeking to achieve, through regulatory control, two opposing objectives: (i) as a national security measure, limiting foreign oil imports to keep oil prices high and incentivize domestic oil production; and (ii) as an economic growth measure, seeking cheap energy prices.

Chapter Seven describes the energy crisis narratives swirling prior to the embargo. My review of academic publications, energy focused books and the press during the 1970 – 1973 period showed that the energy crisis was becoming a prevalent theme, but that there were many narratives to explain it, from greedy oil sellers to incompetent government.

Chapter Eight describes the regulatory environment following the embargo. While the Nixon Administration was not in favor of excessive regulatory controls, the embargo forced it into a more heavy-handed approach, whereby the federal government started controlling both the pricing and the allocation of petroleum products between privately-owned producers, refiners, and distributors.

Chapter Nine describes how the 'oil weapon' narrative emerged as the dominant narrative following the embargo. The new narrative presented the U.S. as under attack by hostile countries and evoked the memory of the Manhattan Project to ready the nation for a suitable response that would require a national mobilization effort.

Chapter Ten describes the moment when oil stopped being a domestic and highly regulated commodity to becoming a matter of geopolitical competition that would shape the U.S.'s future relationship with allies and that would set the stage for a "special relationship" with Saudi Arabia. I discuss various assessments prepared by the CIA that indicated that Saudi Arabia was critical for the U.S. to meet its growing demand for oil.

Chapter Eleven describes how the securitization of the energy crisis took place and why it worked so well. It starts with a review of President Nixon's energy related speeches. President Nixon was the first U.S. president who dedicated entire speeches and addresses to the energy topic, and accordingly – because of his authority – amplified the importance of energy security, even before the embargo was launched. I then discuss how energy security emerged as a national security issue at the top of the government's agenda. I also discuss how the Nixon Administration feared that Europe and Japan would pursue bilateral agreements with the Arab oil producers, thus weakening the Transatlantic alliance.

Chapter Twelve shows how the securitization of the energy crisis allowed the Nixon Administration to implement many of its pre-embargo energy related proposals, including the creation of new government entities. Some of those entities, such as the Federal Energy Office and the Federal Energy Administration were eventually folded into the newly created Department of Energy, even though many of their oil allocation and pricing powers were no longer relevant given that the energy sector was deregulated in 1981 under the Reagan Administration.

Chapter Thirteen concludes this dissertation and captures the key findings that emerged from the research.

Chapter Four: Energy Security as an Emerging National Security Issue

The term 'crisis', as Masco (2017) has argued, is "in the first instance, an affect-generating idiom, one that seeks to mobilize radical endangerment to foment collective attention and action." The 'energy crisis' has received various treatments since the 1970s. President Nixon sought to loosen environmental controls to allow greater coal usage. President George W. Bush exempted shale extraction in 2005 from the Clean Air Act, the Clean Water Act, and the Safe Drinking Water Act, which has allowed the U.S. to become since 2018 a net oil exporter. Since the 1970s, rather than accelerate the search for alternative energy sources, the 'energy crisis' has, as Masco stated, tended "to stabilize an institution, practice, or reality." In other words, the 'crisis-*ification*' of fossil fuels in the 1970s reified fossil fuels instead of leading to their demise.

Using Google's Ngram viewer, ***Figure 7*** and ***Figure 8*** show that the use of the terms 'energy crisis' and 'oil weapon', significantly increased after 1968 and peaked towards 1976, well after the end of the embargo.

Figure 7 - Google Ngram on 'energy crisis'

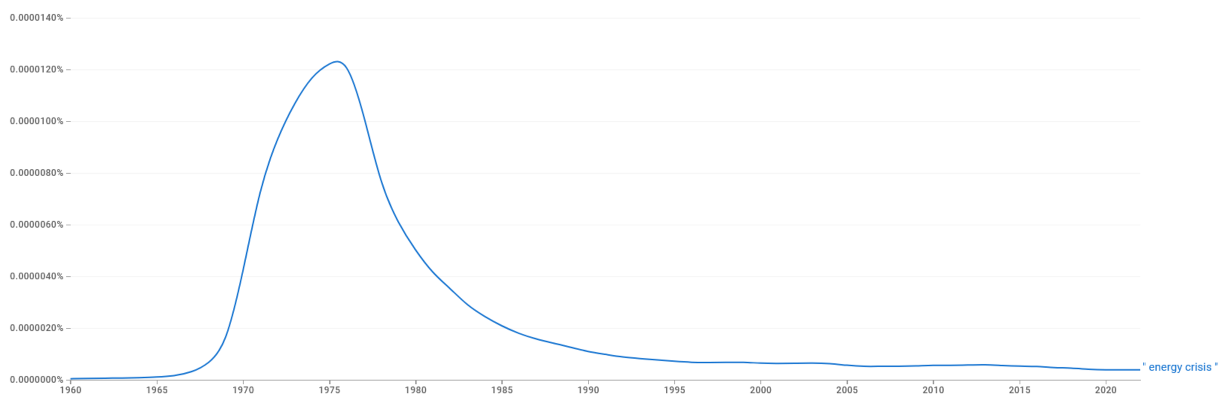
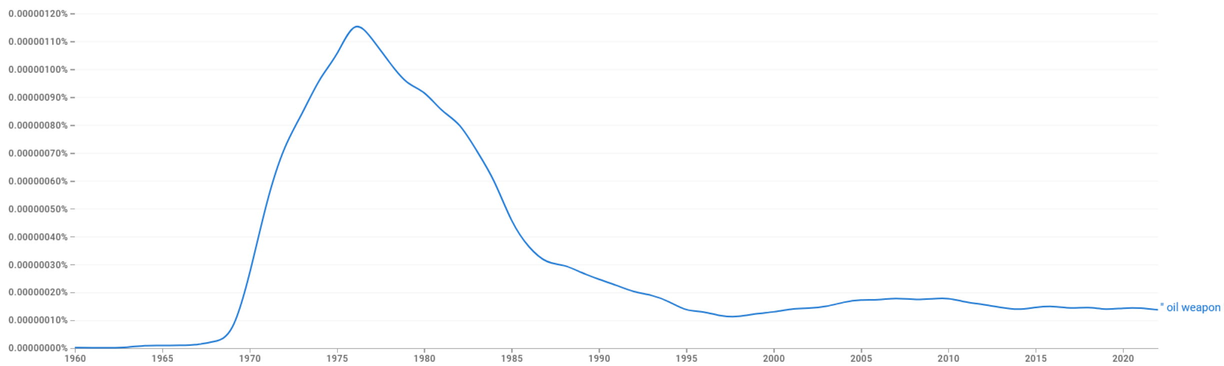


Figure 8 - Google Ngram on 'oil weapon



The term 'oil weapon' has been historically associated with the 1973 oil embargo. A Google search on the term yielded 28,900 results, and a quick review showed that most were linked to the 1973 oil embargo.

Brief History of Oil in the United States

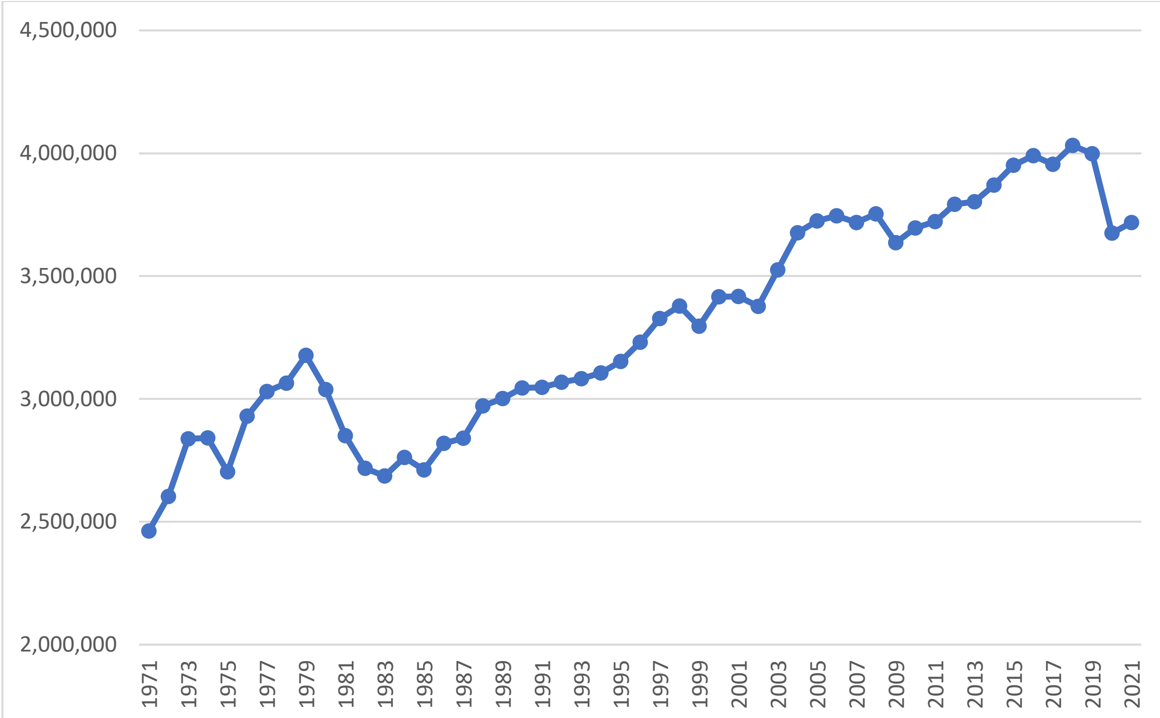
A cursory historical review shows that the U.S. government's regulation of the oil market started in the 1920s, when, faced with a rise in the price of oil, Congress enacted in 1926 a generous depletion allowance in the tax code for producers, which induced domestic oil exploration and increased investment returns substantially. With falling oil prices, the Texas Railroad Commission in 1930 issued rules that mandated production reductions to increase prices and ultimately, the Texas legislature added new powers that allowed the Texas Railroad Commission to limit supply legally. Ironically, the Texas Railroad Commission model would eventually be imitated by OPEC, as producing countries also sought to increase prices (Amuzegar 2001). In 1935, Congress enacted the Connally Hot Oil Act, which gave federal sanction to state government programs that restricted output and raised prices. After World War II, oil imports increased dramatically because of various state-level policies that limited production and increased domestic prices. To protect domestic producers, Congress adopted a clause in the Reciprocal Trade Act Amendments of 1955 that authorized the president to limit the importation of a commodity if it was deemed that such imports would be detrimental to national security. In 1959 President Dwight Eisenhower invoked the clause and imposed oil import quotas. As a result of a growing world output supplying a smaller market that did not include the United States, the world price of oil started declining. Oil companies responded by reducing their royalty payments to foreign governments, and those responded to the unilateral reduction in their royalty payments by creating the Organization of the Petroleum Exporting Countries (OPEC) in 1960. By the early 1970s, oil-import quotas and strong economic growth had exhausted the U.S. oil output, which led to an increase in oil prices. The Nixon administration in August 1971 put in place price controls that forbade the large oil companies from increasing gasoline prices to reflect increased crude prices. By 1973, prior to the embargo, severe shortages of gasoline had developed at independent gas station retailers.

Writing in 1972, before the oil embargo, M.A. Adelman (1972a) argued that there was no oil scarcity, neither now nor in the future, and that higher oil prices did not reflect scarcity but rather collusion between OPEC countries coupled with the inability of the U.S. government to oppose these prices increases. He presented four key reasons for why oil scarcity was a 'fiction'. First, existing oil fields in the Persian Gulf had ample reserves. Second, reserve estimates were vastly understated. Third, oil producers were not producing at their full potential for fear of impacting oil prices. Fourth, higher oil prices were not a sign of scarcity but rather a result of joint price setting by OPEC countries. Adelman's solution was to get the oil companies out of their role as OPEC's tax collectors:

> We may therefore conclude: the producing countries can raise prices and revenues further by jacking up the excise tax floor, in concert. Conversely, if and when the consuming countries want to be rid of the cartel, they can take their companies out of crude oil marketing. To avoid taxation, they can decommission the tax collecting agents who are their own creation.

Adelman was right about one thing: there was indeed no oil scarcity. 'Peak oil', a moment in time when oil production would reach its limit and then start to decline, has been predicted and debunked multiple times since the 1950s. ***Figure 9*** shows that global oil production has steadily increased since the 1970s. After decades of reliance on oil imports, the U.S. became a net oil exporter in 2019 due to shale oil extraction.

Figure 9- Crude Oil Production Total, Thousand Tons of Oil Equivalent (toe) 1971 – 2021



Source: Organization for Economic Co-operation and Development

However, Adelman was not entirely right, either. While Persian Gulf countries did have ample reserves, they did not necessarily need to produce more crude, since during a period of rising prices oil is often more valuable if left in the ground. A Central Intelligence Agency (CIA) report prepared on January 26, 1973 accused Dr. Adelman of oversimplification and a lack of understanding of the market dynamics that affected the price of oil[28]:

> Professor Adelman's sketch of the international oil market is in some ways a verbal caricature. In broad outline the reader can recognize the essentials of the oil industry as it has existed in the past. But as with any caricaturist, Adelman has added interpretive flourishes of his own design which serve to distort reality and which

[28] Document Number (FOIA) /ESDN (CREST): CIA-RDP79R00967A001600010019-4, released under Freedom of Information Act (FOIA). https://www.cia.gov/readingroom/document/cia-rdp79r00967a001600010019-4

may mislead. […] The conclusion that the balance-of-payments oil deficit can be abolished by getting US companies out of crude oil marketing is therefore misled and dangerously misleading.

Following the embargo and given that the federal government was already regulating energy supplies and prices, the Nixon Administration had to intervene to ensure supplies and stabilize prices. While the Nixon Administration would have preferred to deregulate and liberalize the energy sector, they also understood that they needed to act – even if reluctantly. For instance, in a September 27, 1973 memorandum to the President on the wisdom of instituting mandatory fuel allocations, Governor John A. Love, Director of the Energy Policy Office and Special Assistant to the President on Energy wrote:[29]

> As far as the wisdom of mandatory allocation is concerned, most of your advisers believe that it will <u>not</u> solve this winter's supply problem, and that it is undesirable to attempt further regulation of petroleum industry or to create the bureaucracy that would be needed to administer mandatory allocation. <u>But</u>, your advisers also recognize that Congress will act to force mandatory allocation and the expected shortages will be blamed on the administration's failure to institute mandatory allocation earlier.

The embargo triggered a significant change in how the U.S. secured its oil supplies and in its military posture in the Middle East. This research seeks to understand how the embargo dovetailed into a pre-existing 'energy crisis' narrative, amplified it, and resulted in significant policy changes that had an enduring domestic and global impact.

The 1973 embargo proved to be consequential in at least three ways. First, the embargo effectively lasted a few months while oil prices never retreated to previous levels. Second, the dramatic increase in oil prices led to a decline in economic growth, recession, inflation, and unemployment in industrialized oil importing countries. Third, the oil producing countries were

[29] Decision Regarding Mandatory Fuel Allocation Program; Memorandum from John A. Love/Roy Ash to President Nixon; September 15, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, John A. Love, Director; Box 1; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

on their way to becoming very rich, since the CIA estimated that by 1985 their foreign assets would become comparable to total gross U.S. foreign assets.[30]

Demand for Oil Accelerates (1969 – 1971)

By the late 1960s, energy demand in the U.S. started rising at an accelerating rate. Energy forecasts anticipated that within a decade demand would far exceed available domestic supplies. As a result, because domestic production had reached the limits of economical extraction, the U.S. would have to either reduce consumption, find alternative energy sources, or rely on oil imports – mostly from the Middle East. Relying on imported oil meant that oil shortages could occur because of exogenous reasons.

In 1969, while the Nixon Administration was aware of the possibility of an energy crisis, it was still not high on its list of priorities, which included concluding the Vietnam War or ending the estrangement with China. Domestic supplies were sufficient to satisfy the needs of the Department of Defense, and at any rate up to this point energy shortages were still viewed by the Administration as a domestic policy issue under the purview of the Domestic Council headed by John Ehrlichman. A memorandum prepared in 1969 by the Central Intelligence Agency stated:[31]

> The most likely source of a serious disruption of world oil supplies that would affect US access to oil is the Arab world, where the prospect is for increasing radicalism and growing hostility to the US. This possibility would be much greater in the event of another Arab-Israeli war. An Arab-Israeli war itself seems a likely prospect, although no one can be sure when or how it might occur. If a war breaks out, it seems probable that the Arab states (which produce half the oil moving in world trade) would attempt to deny oil to the US and perhaps to some Western European countries. Any such move also might be accompanied by punitive measures against

[30] Paper Prepared in the Office of Economic Research; March 30, 1973; Central Intelligence Agency, Office of Economic Research, Job 80–T01315A, Box 33. Secret; Document # 175 in (Qaimmaqami and Keefer 2011)
[31] Memorandum Prepared in the Central Intelligence Agency; August 28, 1969; National Archives, Nixon Presidential Materials, White House Central Files, Staff Member and Office Files, Council of Economic Advisers, Hendrik Houthakker, Box 38, Oil Import Control TF—CIA Report. Document #8 in (Qaimmaqami and Keefer 2011)

> US oil companies. While the force of *emotional and irrational (my italics)* factors on Arab behavior makes any judgment uncertain, we doubt that they could successfully maintain an embargo for more than a brief period.

The statement that Arabs are "emotional and irrational" reflects an enduring orientalist view (Said 1978) that was mentioned in a supposedly objective document produced by the CIA, and which will be often repeated in future government and public statements.[32,33,34] Nonetheless, the study did conclude that "In sum, we consider it highly unlikely that the US would encounter serious difficulties in obtaining its foreign oil requirements over the next 10 to 20 years".

By 1970, the use of the term 'energy crisis' became more frequent, though it usually referred to the difficult negotiations between OPEC countries and the oil multinationals for a larger share of the oil revenues. The November 1970 National Intelligence Estimate stated:[35]

> Although several past interruptions of Middle East oil flow have arisen in the Arab-Israeli context, others have been caused by political antagonisms between Arab states themselves. All in all, the oil producing countries, irrespective of their political ideology, have been motivated primarily by a desire for more income. They are heavily dependent on oil revenues to run their economies and hence are

---

[32] In an April 20, 1973 conversation between President Nixon and members of his cabinet (Qaimmaqami and Keefer 2011), George Schultz wondered aloud what Saudi Arabia might do with all the new wealth from oil. These were the responses he received:

> Unidentified speaker: It means they can all afford more wives [unclear]—[Laughter]
> Unidentified speaker: 30 wives. [Unclear exchange]
> Nixon: They'll have to import more women. [Unclear exchange] I wouldn't want to take them to Saudi Arabia.
> Unidentified speaker: That sum they can't afford paying. [Laughter]

[33] On October 26, 1973, in a discussion with oil company executives about the oil embargo (Qaimmaqami and Keefer 2011), Secretary Kissinger told them:

> What the Arabs have to know—with all the sympathy in the world for their point of view—is that they have to work with us on how to get from here to those results. The Arabs are personally very pleasant, but they have this vague romanticism which makes them very difficult to deal with.

[34] An undated CIA paper (Keefer 2011), prepared around February 1973, commenting on Egypt's mistrust of U.S. diplomacy in bringing about a settlement with Israel, stated:

> Further, as Arabs, their emotions and exaggerated sense of pride continually interfere with their reasoning and judgment. Needless to say, this is particularly the case when the question involves Israel and American support of Israel.

[35] National Intelligence Estimate NIE 20/30–70; November 14, 1970; Central Intelligence Agency, National Intelligence Council Files, Job 79–R01012A, Box 385. Secret; Document # 61 in (Qaimmaqami and Keefer 2011)

not likely to use denial of their oil as a political weapon against Western Europe or Japan.

The term 'energy crisis' as it relates to U.S. domestic consumption was mentioned for the first time in the *New York Times* in an August 11, 1970 article.[36] In it, John N. Nassikas, the chairman of the Federal Power Commission, warned of summer power shortages due to "deficiencies in fuel supplies" and "our developing energy crisis."

Though still not on the political agenda, the linkage between imported oil and national security was now being recognized in the media. On August 21, 1970, William Smith, a business reporter for the *New York Times* who covered the oil industry and later worked as a media relations specialist for Exxon, discussed the connection between oil import quotas and security.[37] The article implicitly agreed with the government's position that supporting domestic production improved the security of the petroleum supply, while also acknowledging that limiting the imports of foreign oil increased the cost of oil on American consumers. The article noted that President Nixon remained a supporter of import quotas (instead of import tariffs), and that the oil industry had warned that the elimination of import quotas would endanger national security. The article only hinted that domestic oil producers may have been seeking protection from cheap foreign crude oil. Nonetheless, it explicitly identified imported oil as a vulnerability.

As oil exporting countries started increasing oil prices, the Nixon Administration was not entirely convinced that a rise in the price of oil was wholly detrimental or that oil shortages would impact the U.S. A January 1971 memorandum by the National Security Council was ambivalent about the impacts of what it termed "The Developing International Oil Crisis".[38]

---

[36] 'F.P.C.'s Head Warns Power Shortages Are Possible Next Winter'; Richard Halloran; August 11, 1970; *The New York Times*; https://www.nytimes.com/1970/08/11/archives/fpcs-head-warns-power-shortages-are-possible-next-winter.html?searchResultPosition=4

[37] 'Oil Imports and Security'; William D. Smith; August 21, 1970; *The New York Times*; https://www.nytimes.com/1970/08/21/archives/oil-imports-and-security-will-nixons-backing-the-quota-system.html?searchResultPosition=6

[38] Memorandum From C. Fred Bergsten and Harold H. Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)National Archives; January 14, 1971; Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–180, National Security Study Memoranda, NSSM 114. Document #69 in (Qaimmaqami and Keefer 2011)

Arguing that there was a strong case for non-involvement by the U.S. in the ongoing price negotiations between the multinational oil companies and the oil producing countries, it stated:

> The sharp increase in Middle East oil prices which would result from "Arab victory" would have little direct impact on the U.S. economy, since we import so little oil from them. This is essentially a European/Japanese problem, so why shouldn't they take the lead?
>
> […] Finally, there is a crass but very important commercial consideration: sharp increases in European and Japanese energy prices would significantly help the international competitive position of the United States, and could therefore sharply improve our trade balance and over all balance of payments.

While the vulnerability of the U.S. to an interruption in imported oil supplies seemed evident, there were few voices in the Nixon Administration expressing any concerns. In 1970, one of the sole exceptions was Gen. George A. Lincoln, who was appointed Director of the Office of Emergency Preparedness (set up in 1968 within the Executive Office of the President). In his November 24, 1970 letter to Paul W. McCracken, Chairman, Council of Economic Advisers, Gen. Lincoln indicated that:[39]

> The oil import program is a national security program. Unless and until such policy is changed, we have to keep national security as a principal reference post in shaping the program.

In the meantime, Gen. Lincoln highlighted several actions that could improve the U.S.'s access to oil resources, including a) elimination of obstacles to developing domestic oil; b) increasing coal usage; c) managing environmental resistance; and d) keeping refinery capacity in the U.S. and in the Western Hemisphere, rather than relying on "insecure sources".

[39] Letter and Outline Plan for Petroleum Contingencies from George A. Lincoln, Director, Office of Emergency Preparedness to John Whitaker, White House Staff; January 23, 1971; Nixon Presidential Materials Project; White House Central Files; Staff Member Office Files; John Whitaker; Box 54; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

On January 23, 1971, Gen. Lincoln submitted an Outline Plan for Petroleum Contingencies to John Whitaker, who served on the Nixon White House staff from 1969 to 1972, coordinating environment and natural resources policy.[40] The Administration was concerned that the ongoing negotiations between the oil companies and OPEC would lead to a reduction in oil supplies, along with higher prices. Gen. Lincoln's main recommendations consisted of maximizing domestic oil production while encouraging refineries to adjust the refinery mix to produce more residual fuel oil (in the 1970s, residual fuel oil was used by power plants).

On June 4, 1971, President Nixon issued his first energy message to Congress by noting that "a plentiful supply of energy is something the American people have taken very much for granted."[41] Adding that growing demand for energy had now exceeded available supplies, he announced "a broad range of actions to ensure an adequate supply of clean energy for the years ahead." The new actions included federal government support for research and development of clean energy, leasing of federal lands with energy resources (e.g., oil and gas lease sales on the Outer Continental Shelf), initiatives to encourage energy conservation, and facilitating the siting of electric power plants.

It was during this address that President Nixon announced for the first time the need for a new entity, the Department of Natural Resources (in later statements, President Nixon called for a Department of Energy and Natural Resources) that will consolidate all the "important Federal energy resource development programs." His reasoning was that the nation did not have an integrated energy policy because energy responsibilities were fragmented among several agencies.

He attributed the accelerating growth in demand to the cheap price of oil, coal, natural gas and electricity, which made energy "an attractive bargain in this country." Recognizing that

---

[40] Letter from George A. Lincoln, Director, Office of Emergency Preparedness to John Whitaker, White House Staff; January 23, 1971; White House Central Files; Staff Member Office Files; William E. Timmons; Box 46; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[41] 'Special Message to the Congress on Energy Resources'; Richard Nixon; June 4, 1971; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/special-message-the-congress-energy-resources

growing demand for energy and growing emphasis on cleaner fuels will create "an extraordinary pressure on our fuel supplies," he asked for the cooperation of Congress, State and local governments, and for industry to "meet its responsibilities in serving customers and in making necessary capital investments to meet anticipated growth." He ended his statement by asking energy consumers to "understand that the cost of environmental protection must, to a major extent, be reflected in consumer prices."

Oil is Linked with National Security (1972 – 1973)

By 1972, more than a full year before the embargo announcement, the national security impact of imported oil was becoming much more evident to the Nixon Administration. A March 1972 memorandum from Secretary of State Rogers to President Nixon warned of the dangers of increasing dependence on Middle East oil. [42]

National Security Council (NSC) staff quickly came out in opposition to Secretary Rogers' and the State Department's position.[43,44] National Security Advisor Kissinger sent a memorandum to the President accusing Secretary Rogers of overlooking the "significant implications which the oil problem has for U.S. foreign policy."[45] Instead, he urged President Nixon to commission the National Security Council to develop a review of U.S. international oil policy. This was why the NSC objected to Secretary Rogers' letter to President Nixon, and why

---

[42] Memorandum from Secretary of State William Rogers to President Nixon, March 10, 1972; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[43] Memorandum From Robert D. Hormats, Richard T. Kennedy, and John D. Walsh of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger); July 11, 1972; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–197, National Security Study Memoranda, NSSM 174 (Response). Secret. Document 127 in (Qaimmaqami and Keefer 2011)

[44] Paper Prepared by the National Security Council Staff; Undated; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–197, National Security Study Memoranda, NSSM 174 (Response). Secret. Document # 128 in (Qaimmaqami and Keefer 2011)

[45] Memorandum from Henry Kissinger and Peter Flanigan to President Nixon (undated); NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

they felt that the Energy Subcommittee under the Domestic Council headed by John Ehrlichman was insufficiently capable of formulating a U.S. energy policy.[46]

As if to prove Kissinger's point, the legislation that the Domestic Council prepared for addressing the country's dependence on oil imports was focused on the Mandatory Oil Import Program, a national program that limited through the allocation of quotas the amount of oil that could be imported into the U.S. The materials prepared for the December 13, 1972 meeting of the members of the Domestic Council's Energy Subcommittee cast the Mandatory Oil Import Program as a national security program, rather than an attempt to protect the profits of U.S. domestic oil producers, at a time when foreign oil prices were much lower than domestic prices.[47] The first sentence of the document is:

> The basic purpose of the Mandatory Oil Import Program (MOIP), which was instituted in 1959, is to limit for national security reasons U.S. dependence upon potentially insecure sources of foreign petroleum. Many changes have taken place on the U.S. and world energy scene since that time, and we had to reassess periodically the appropriateness of the various elements of the MOIP with respect to national security considerations. Additional changes now being contemplated must also be evaluated in the national security context.

Since the use of domestic oil resources would make the U.S. even more dependent on the use of imported oil in the future, the aims of the program seemed better aligned with the objective of protecting the profits of domestic producers rather than national security. Nonetheless, the document continued the linking of the Mandatory Oil Import Program with national security:

---

[46] Memorandum From Philip A. Odeen of the National Security Council Staff to the President's Assistant for International Affairs (Kissinger); January 3, 1973; National Archives, Nixon Presidential Materials, NSC Files, Box 250, Agency Files, National Energy Office, Vol. I, March 1972–February 1973. Secret; Document # 150 in (Qaimmaqami and Keefer 2011)

[47] Materials for the December 13, 1972 Meeting of the Members of the Domestic Council Energy Subcommittee; December 11, 1972; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Box 121; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

> On balance, it seems clear that the MOIP has contributed to development of a larger and stronger domestic petroleum industry (and therefore to the national security) than would have been the case had there been no program at all.

In January 1973, a full nine months before the embargo declaration, Interior Secretary Morton asked the National Petroleum Council (NPC) to assess the nation's energy needs. The Council's November 1973 report, *Emergency Preparedness for Interruption of Petroleum Imports into the United States* (1973) recommended curtailing consumption, including gasoline-reduction measures such as carpooling, speed limits, and rationing. It also advocated for power utilities switching from petroleum to coal-based energy sources, increased domestic exploration and oil production and stockpiling.

Six months before the embargo announcement, in March 1973, the foreign assets held by Middle East countries became a cause for concern. A paper prepared in the Office of Economic Research, Central Intelligence Agency, concluded that:[48]

> The trends already in motion, if continued through 1985, would result in the Middle East oil producing states accumulating foreign assets that would be truly astronomical. Their assets would range from a low of $100 billion to as much as $180 billion by 1985, comparable to total gross U.S. foreign assets and to more than double net U.S. foreign assets. […]
>
> In any case the Middle East oil producers would have unprecedented financial power. Discretionary use of such vast assets obviously has enormous potential for disruption of financial markets.

In an April 1973 article in *Foreign Affairs* (Akins 1973), James E. Akins, formerly the head of the State Department's Office of Fuels and Energy, and now acting as President Nixon's energy advisor, noted that Arab oil- producing nations had threatened on fifteen separate occasions to use what was now becoming widely described as "the oil weapon". He

[48] Paper Prepared in the Office of Economic Research; March 30, 1973; Central Intelligence Agency, Office of Economic Research, Job 80–T01315A, Box 33. Secret; Document # 175 in (Qaimmaqami and Keefer 2011)

recommended drastic conservation measures, exploring energy alternatives, increased collaboration among the oil-consuming nations, and the establishment of government owned oil stockpiles. Akins' recommendations were not adopted, and in May 1973 he returned to the State Department. That same month, James Schlesinger, CIA Director, wrote to President Nixon warning that "Saudis are raising the prospect of a cutoff in oil supplies in an effort to induce the US to push harder for a peace settlement in the Middle East." [49]

President Nixon's Second Energy Message

As the energy crisis gained in prominence, President Nixon issued on April 18, 1973, a "Special Message to the Congress on Energy Policy".[50] This was his second message on energy since 1971. President Nixon noted that with 6 percent of the world's population, the U.S consumed almost a third of all the energy used in the world, and that demand had outstripped supply. Nonetheless, he did not yet sound the alarm:

> Clearly, we are facing a vitally important energy challenge. If present trends continue unchecked, we could face a genuine energy crisis. But that crisis can and should be averted, for we have the capacity and the resources to meet our energy needs if only we take the proper steps--and take them now.

Referring to the U.S.'s main energy sources, natural gas, coal and oil, he indicated:

> In determining how we should expand and develop these resources, along with others such as nuclear power, we must take into account not only our economic goals, but also our environmental goals and our national security goals. Each of these areas is profoundly affected by our decisions concerning energy.

[49] Memorandum From Director of Central Intelligence Schlesinger to President Nixon; April 20, 1973; National Archives, Nixon Presidential Materials, NSC Files, Box 51, Presidential Daily Briefings. Eyes Only For the President. Document # 178 in (Qaimmaqami and Keefer 2011)
[50] 'Special Message to the Congress on Energy Policy'; Richard Nixon; April 18, 1973; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/special-message-the-congress-energy-policy

This speech was the first instance of President Nixon publicly linking energy security with national security goals. Reiterating several of the themes of his June 4, 1971 message. President Nixon proposed to increase domestic production, expand conservation efforts, secure lowest cost energy supplies consistent with national security and environmental goals, reduce excessive regulatory and administrative impediments which had delayed or prevented construction of energy-producing facilities, and increase energy research.

He announced that the Department of the Interior would triple the annual acreage leased on the Outer Continental Shelf by 1979, which could increase annual energy production by an estimated 1.5 billion barrels of oil and 5 trillion cubic feet of natural gas. He also asked Congress to remove restrictions on the construction of the Alaska pipeline and urged for expanding the development and utilization of coal resources and for nuclear power production.

Critically, he announced that the Mandatory Oil Import Program (i.e., the imports quota program) was “of virtually no benefit any longer” and that “it denies us the flexibility we need to deal quickly and efficiently with our import requirements.” He accordingly announced the removal of all existing tariffs on imported crude oil and products, in addition to suspending the quantity of crude oil and refined products that can be imported. Instead, a license-fee quota system would be put in place. The fees were meant to encourage industry to increase its domestic production and build new refining capacity, instead of relying on imports.

He pointed out that Congress had not acted on this proposal to consolidate federal energy related activities within a new Department of Natural Resources. Accordingly, new entities within the Executive Office were created, including the Oil Policy Committee (Executive Order 11703), to coordinate the oil import program and makes recommendations to the President for changes in that program and the Special Committee on Energy (Executive Order 11712). Finally, President Nixon proposed a new Department of Energy and Natural Resources (DENR) to provide leadership across the entire range of national energy and administer the national energy policy.

The Ramp Up to the Embargo

The warnings about oil and national security accelerated in the ramp up to the embargo. On May 15, 1973, Peter Grose, a *New York Times* foreign correspondent, stated that the dependence of the United States and its allies on Middle Eastern oil producers had become a national security threat.[51] In his article, Mr. Grose warned that the “dependence of Europe and Japan, and soon the United States, on Middle Eastern oil were becoming the overpowering strategic fact of this decade, comparable to the threat of Soviet expansionism in the first years after World War II.” Mr. Grose added that independent national arrangements between Western importing countries and oil producers will lead to “cutthroat competition”, and recommended coordination between importers. Notably, comparing the dependence on Middle Eastern oil to Soviet expansionism illustrates the opinion of influential journalists about the Arab petrostates.

The Blueprint for the Post-Embargo Policies

On June 29, 1973, the President released another statement on energy.[52] The June 29 speech is memorable in that most of its proposals were reintroduced and implemented following the embargo, even though those proposals had not been designed as a remedy for the embargo.

The statement started with a reminder that the President’s April 18, 1973 message had outlined the energy challenge and announced steps to meet that challenge. The statement then noted “significant developments” since the April 18 message, including: a) eight oil companies planning to build new refineries, eventually expanding capacity by 1.5 MMB/D; b) voluntary allocation program to provide equitable share of gas and oil; c) establishment of the Office of Energy Conservation and the Office of Energy Data and Analysis in the Department of the Interior; d) increasing the allocation to small refiners of royalty oil available to the federal government from its leases on the Outer Continental Shelf and on federal lands; e) Congressional progress on removing right of way restrictions preventing the construction of the Alaska Pipeline; and f) consultations with major oil producing and consuming nations to develop cooperative arrangements for adequate and stable supplies of energy. Notably, many of the announced measures aimed to consolidate federal energy functions while removing regulatory restrictions. A summary of the speech is provided hereafter.

---

[51] ‘Oil: Delay and Disunity’; Peter Grose; March 15, 1973; *The New York Times*; https://www.nytimes.com/1973/05/15/archives/oil-delay-and-disunity.html?searchResultPosition=263
[52] President’s Statement on Energy, Office of the White House Press Secretary; June 29, 1973; Nixon Presidential Materials Project; White House Staff Member and Office Files; J. Fred Buzhardt Files, 1969 – 1974; General Files, 1971 – 1974; Box 20; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

New proposed legislation (consolidation)

The statement announced proposed legislation for the establishment of a Department of Energy and Natural Resources (DENR), consolidating into one department various energy related function dispersed across the federal government; establishment of a new independent agency, the Energy Research and Development Administration (ERDA), to focus all Federal energy Research and Development (R&D); retain the five-member commission of organization of the Atomic Energy Commission (AEC) to carry on the licensing, regulatory and environmental and safety functions of that agency but under a new name, the Nuclear Energy Commission.

DENR would consolidate energy related functions from the Department of Interior and would consist of five administrations: Energy and Minerals, Land and Recreation Resources, Water Resources, Oceanic, Atmospheric and Earth Sciences, and Indian and Territorial Affairs. It is worth noting that while energy was the thrust of the President's message, only one (Energy and Minerals) of the five proposed DENR administrations was fully dedicated to the energy challenge.

Reorganization of energy functions in the Executive Office

The statement announced the creation of an Energy Policy Office (EPO) to replace the Special Committee on Energy. It would also expand the role of the National Energy Office which was created by Executive Order 11712. The EPO would be responsible for identifying major problems, reviewing alternatives, making policy recommendations, assuring that agencies develop short- and long-term plans, and for monitoring the implementation of approved energy policies.

Reducing regulatory controls

The statement announced that the President had directed a comprehensive study of Federal energy regulatory activities to see where reorganization was desirable. The study would review the energy-related functions of the Atomic Energy Commission, Federal Power Commission, Departments of Interior and Transportation, Corps of Engineers, Environmental Protection Agency, and Interstate Commerce Commission.

Reducing energy demand

Noting the need to reduce the rate of growth in energy demand, and that gasoline production had not kept up with gasoline consumption which was 5 percent higher than the previous year, the statement announced various energy conservation goals measures including: a) reducing personal consumption of energy by 5 percent over the next 12 months; reducing federal government energy usage; reducing airline fuel requirements (through reductions in flights frequencies and cruising speeds); urging state, local governments and industry to follow the federal government's lead in finding ways to conserve energy; reducing speed on highways and increasing investments in mass transit; and EPA proposed procedures for voluntary labeling of automobiles and accessories to show fuel consumption.

Still Not a Crisis

In his September 8, 1973 Remarks About the Nation's Energy Policy, President Nixon still refused to admit to the term 'crisis' when describing the energy situation:[53]

> We have heard a lot about a crisis. I do not use that term, because we do not face a crisis in that sense of the word. I would simply say that in the short term we face a problem, a problem with regard to energy--heating, for example, this winter, just as we thought we faced a problem of gasoline this summer, and the possibility of brownouts. […] So, I would summarize by saying that short-term we face a problem. But long-term, and this is the important thing for us to remember, the prospects for adequate energy for the United States are excellent. I would say the prospects for adequate energy for the United States are as good as they are for any industrial nation in the world and perhaps better, better because of our enormous research capabilities.

[53] 'Remarks About the Nation's Energy Policy'; Richard Nixon; September 8, 1973; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/remarks-about-the-nations-energy-policy

Most of his remarks were a reiteration of his June 29 message, except that he did single out the U.S.'s vulnerability to imported oil:

> The United States would prefer to continue to import oil, petroleum products from the Mideast, from Venezuela, from Canada, from other countries, but also we are keenly aware of the fact that no nation, and particularly no industrial nation must be in a position of being at the mercy of any other nation by having its energy supplies suddenly cut off.

Embargo is Announced

On October 17, 1973 the Arab petrostates began production cuts, and two days later Saudi Arabia and Libya announced a full embargo against the United States. The embargo immediately made headlines across the world. With heating oil shortages and long lines at gas stations following the embargo, on November 7, 1973 President Nixon made a Presidential Address on energy offering a wide range of proposals but also highlighting the seriousness of the challenge:[54]

> We must, therefore, face up to a very stark fact: We are heading toward the most acute shortages of energy since World War II. Our supply of petroleum this winter will be at least 10 percent short of our anticipated demands, and it could fall short by as much as 17 percent. […]. In the short run, this course means that we must use less energy--that means less heat, less electricity, less gasoline. In the long run, it means that we must develop new sources of energy which will give us the capacity to meet our needs without relying on any foreign nation. The immediate shortage will affect the lives of each and every one of us. In our factories, our cars, our homes, our offices, we will have to use less fuel than we are accustomed to using.

---

[54] 'Address to the Nation About Policies To Deal With the Energy Shortages'; Richard Nixon; November 7, 1973; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/address-the-nation-about-policies-deal-with-the-energy-shortages

> Some school and factory schedules may be realigned, and some jet airplane flights will be canceled.

Recognizing that the nation’s energy needs had exceeded available supplies, he announced several short- and long-term measures. The short-term measures included preventing industries and utilities using coal from converting to oil, reducing the number of flights and the supply of heating oil, and committing to faster licensing of nuclear power plants. He also called for an emergency energy act, which would relax environmental regulations on a temporary, case-by-case basis, while also funding increased domestic exploration, development, and production. Long term, President Nixon proclaimed that the U.S. should seek energy self-sufficiency, and that it would do so through “Project Independence”, on par with the Manhattan and Apollo projects:

> In World War II, America was faced with the necessity of rapidly developing an atomic capability. The circumstances were grave. Responding to that challenge, this Nation brought together its finest scientific skills and its finest administrative skills in what was known as the Manhattan Project. With all the needed resources at its command, with the highest priority assigned to its efforts, the Manhattan Project gave us the atomic capacity that helped to end the war in the Pacific and to bring peace to the world.
>
> Twenty years later, responding to a different challenge, we focused our scientific and technological genius on the frontiers of space. We pledged to put a man on the Moon before 1970, and on July 20, 1969, Neil Armstrong made that historic "giant leap for mankind" when he stepped on the Moon.
>
> […]
>
> Today the challenge is to regain the strength that we had earlier in this century, the strength of self-sufficiency. Our ability to meet our own energy needs is directly limited to our continued ability to act decisively and independently at home and abroad in the service of peace, not only for America but for all nations in the world.
>
> Let us unite in committing the resources of this Nation to a major new endeavor, an endeavor that in this Bicentennial Era we can appropriately call "Project Independence."

> Let us set as our national goal, in the spirit of Apollo, with the determination of the Manhattan Project, that by the end of this decade we will have developed the potential to meet our own energy needs without depending on any foreign energy sources.

The November 7 Presidential Address was the turning point in the securitization of the energy crisis, and in recasting it as an existential threat caused by the U.S.'s dependence on oil imports from unreliable countries, which could only be remedied by the U.S. achieving energy self-sufficiency. As indicated by Krebs (2015), effective storytelling has identifiable elements: it requires impeccable timing (telling a story when the audience wants to hear it), resonance (the audience can immediately appreciate the relevance of the speech to their lives), interest (topics that excite and stimulate, such as the mention of the Apollo and Manhattan projects), rich detail, memorable images (the reference to the sacrifices of World War II), a dramatic but believable setting ("we are heading toward the most acute shortages of energy since World War II"), characters about whom one develops strong feelings (in this case, the oil producing countries), dramatic tension, and appropriate pacing. In this, Krebs is aligned with Tuathail and Agnew (1992) who argued that the U.S. President is

> a combination of storyteller and tribal shaman. One of the great powers of the Presidency, […] is the power to describe, represent, interpret and appropriate. It is a formidable power but not an absolute power for the art of description and appropriation must have resonances with the Congress, the established media and the American public. The generation of such resonances often requires the repetition and recycling of certain themes and images even though the socio-historical context of their use may have changed dramatically.

President Nixon followed up on his November 7 speech with a "Special Message to Congress Proposing Emergency Energy Legislation".[55] His requests to Congress were quite

[55] White House Message to Congress, Office of the White House Press Secretary; November 8, 1973; White House Central Files (WHCF); Subject Files; SP (Speeches); Box 93; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

similar to those announced in his June 29, 1973 public statement, though since these solutions were designed *prior* to the embargo, it is valid to ask why they would also be the right solutions *following* the embargo. Noting that he had started calling attention to the "looming energy problem" since his 1971 energy message, and that he had sent Congress "more than half a dozen urgent legislative proposals" which had not yet been enacted, he stated that the country was now headed "toward the most acute shortages of energy". Notable in that message is that he requested presidential authority from Congress to allocate and ration energy supplies as needed (most likely to preempt Congress from mandating a rationing system on the Administration). He also asked for legislation to complete the construction of the Alaskan Pipeline.

He concluded by indicating that achieving self-sufficiency in energy, i.e., Project Independence, was absolutely critical "to the maintenance of our ability to play our independent role in international affairs."

Finally, it's an 'Energy Crisis'

On November 25, 1973, in a nationwide radio and television address, President Nixon stated that "the sudden cut-off of oil from the Middle East has turned the serious energy shortages we expected this winter into a major energy crisis." [56] He described various conservation actions and proposed legislative proposals to counter the anticipated oil shortages. He also indicated that his administration will be working on "Project Independence", which he described as a series of plans and goals to reach energy self-sufficiency by 1980.

Along with the President's address, the White House released a fact sheet providing additional background and detailing several actions to address the impacts of the embargo, taken under the authority provided to the Executive Branch by the Economic Stabilization Act of 1970 and the Defense Production Act of 1950.[57] These key measures included (a) the establishment,

[56] The White House, Address by the President on Nationwide Radio and Television on the National Energy Policy; November 25, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[57] The White House, Fact Sheet: New Energy Emergency Actions; November 25, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

on November 12, 1973, of the Energy Emergency Action Group (EEAG) headed by President Nixon's chief energy adviser, Governor John Love; (b) extending mandatory allocation program for middle distillate fuels to control allocations to end users, with priority to fuel production activities, passenger transportation, food production and processing, and essential community services; and (c) the initiation of the gasoline allocation program.

Conclusion

This chapter described the evolution of the Nixon Administration's understanding of the energy crisis. From barely a mention prior to 1969, the increasing U.S. dependence on Middle East oil gradually became linked with national security. Yet, the remedy for this increasing dependence initially seemed focused on limiting the amount of imported oil. Its purpose was to provide an incentive for increasing domestic production and to support the price of U.S. produced oil against cheaper foreign competition. National Security Advisor Kissinger was the first to argue that imported oil was a matter of national security that would impact the U.S.'s foreign policy, when most of the Administration was focused on domestically produced solutions such as the Mandatory Oil Import Program. Remarkably, President Nixon also refused to recognize the existence of an energy crisis until his November 25, 1973 speech, more than a month after the embargo was announced. He also conflated the shortages that occurred because of the embargo with the shortages that would have occurred even without the embargo, due to growing demand for oil, limited domestic production, and price controls that were imposed by the federal government.

Chapter Five: Methodological Foundations

How does an 'energy crisis' become an existential threat requiring the suspension of politics as usual and a matter of national security whose impacts have endured to this day?

The research focuses on three main concepts: narrative formation, securitization, and institutional formation. I am interested in the social construction of existential threats through narrative formation and discourse hegemony. I am interested in tracking how government organizations are established and how they acquire agency in shaping future discourse and decision making. The sections below present a few of the methods that informed my research.

The "Issue-Attention Cycle"

The oil embargo was the energy crisis' entrance into what Anthony Downs termed the "issue-attention cycle" (Downs 1972). Downs argued that a systematic "issue-attention cycle" influences public attitudes and behavior concerning most key domestic problems. A problem suddenly leaps into prominence, remains there for a short time, and then – though still largely unresolved – gradually fades from the center of public attention. Downs identified five stages in the "issue-attention cycle":

1. The pre-problem stage. This prevails when some highly undesirable social condition exists but has not yet captured much public attention, even though some experts or interest groups may already be alarmed by it. This stage overlaps with the pre-embargo 1970 – 1973 period.
2. Alarming discovery and euphoric enthusiasm. As a result of some dramatic event or series of events, the public suddenly becomes both aware of and alarmed about the evils of a particular problem. This alarming discovery is invariably accompanied by euphoric enthusiasm about society's ability to solve the problem. This stage coincides with the October 1973 – March 1974 embargo.
3. Realizing the cost of significant progress. The third stage consists of a gradually spreading realization that the cost of solving the problem is very high indeed and would require major sacrifices. This stage overlaps with the 1974 – 1976 period.
4. Gradual decline of intense public interest. As more and more people realize the cost and difficulty of the solution the public desire to keep attention focused on the issue wanes. This stage overlaps with the 1976 – 1980 period.

5. The post-problem stage. In the final stage, an issue no longer attracts the public's attention, but the new institutions, programs, and policies that were created to solve it still endure. This stage started in 1981 following the deregulation of the oil sector and endures to this day, though the attention on oil and fossil fuels in now also influenced by climate change concerns.

Narrative Formation and Hegemony

Krebs (2015) explores how particular narratives become dominant. He argues that dominant narratives are not the straightforward product either of events or of the desires of powerful interests and individuals. For Krebs, narrative dominance results from the interplay of context, text, and authority.

For context, Krebs identifies two narrative situations. First, there are "settled" narrative situations, where one narrative dominates, and elites generally legitimate their preferred policies with reference to it. Dominant narratives do not abolish political difference or render exchange trivial or superficial, but they do support only a limited range of legitimate stances. In opposition to settled narrative, Krebs identifies "unsettled" narratives, where debates are comparatively unstructured and "multiple narratives swirl about the public sphere with more or less equal legitimacy." Krebs equates unsettled narratives with "critical junctures," when political actors still have meaningful agency. My thesis is that the oil embargo is the critical juncture that transformed the various energy crisis narratives to one dominant narrative that presented energy security as integral to U.S. national security.

For text, Krebs distinguishes between argument and storytelling. Arguments seek to persuade the audience of the correctness of a course of action, while stories seek to explain a series of events to an audience. Arguments deduce the recommended course of action from general principles, while storytelling imparts order to an inherently messy reality. Krebs defines two types of arguments: instrumental arguments invoke the logic of instrumental rationality, while normative argument calls for behavior in line with putatively accepted values. In contrast, storytelling organizes events into a causal sequence. I will argue that Richard Nixon's speeches following the oil embargo, and particularly his November 7, 1973 speech, were more about storytelling than argument. He sought to explain the impact of the oil embargo on U.S. consumers by painting the situation as the country coming under attack, and to deduce that both sacrifice and mobilization were required to reverse the situation.

According to Krebs, narrative situations, divided into settled and unsettled, and rhetorical modes, divided into argument and storytelling – generate four ideal-typical political dynamics as shown in the table below:

		Narrative situation	
		Settled	*Unsettled*
Rhetorical mode	*Argument*	Contestation within dominant narrative of national security	Competing narrative of national security
	Storytelling	Contestation within dominant narrative of national security	Emergence of dominant narrative of national security

When the narrative situation is settled, contestation can occur – but within the confines of the dominant narrative.

However, when the narrative situation is unsettled and speakers express themselves in a storytelling mode, audiences seeking the stability that narrative order brings are willing to accept the vision conveyed by an authoritative speaker. I will seek to demonstrate that the 1973 oil embargo was the trigger that allowed the government to draw a new story on foreign oil dependence, that it is a matter of national security that influences the U.S.'s foreign policy and allows the enactment of various policies that dramatically change the governance of the oil sector.

For the Nixon Administration, which saw the U.S.'s global standing diminished relative to the period immediately following World War II and following the Vietnam withdrawal in March 1973, forging a new narrative consensus was a priority.

Of course, the manner in which the message is conveyed, and who conveys it, have a significant bearing on its acceptance and potential for becoming a dominant narrative. In the U.S., Krebs specifically highlights the unique reach and impact of the president. As the elected holder of the highest office with access to classified information and command over the military, the president's influence is significant. And during the 1970s, with relatively no alternative media outlets and no social media, the president was the nation's chief storyteller, with the means to inject narrative order into seemingly messy situations.

I will show that the period immediately following the embargo was a situation of unsettled narrative, which presented the Nixon administration with an opportunity to advance its own narrations of the crisis.

Defining the 'National Interest'

To appreciate how the Nixon Administration's reaction to the embargo was shaped, it is important to understand how officials within the Administration define the U.S.'s national interest.

The Realist Approach

Krasner (1978) argues for a theoretical perspective that denies that state actions can be reduced to societal needs, even very general ones like preserving the coherence of capitalist structures.

The core of Krasner's statist approach is that a state should be conceived as a "set of roles and institutions having peculiar drives, compulsions, and aims of their own that are separate and distinct from the interests of any societal group. These goals are associated either with general material objectives or with ambitious ideological goals related to beliefs about how societies should be ordered. They can be labelled the national interest."

As it pertains to raw materials, Krasner defines the national interest by order of importance as: 1) increasing competition; 2) ensuring security of supply; 3) promoting broad foreign policy objectives.

The hallmark of a statist approach is its penchant towards ideological, often non-logical behavior, as opposed to rational, utility maximizing behavior on which both liberalism and Marxism are premised.

In the case of the federal government's response to the oil embargo, non-logical behavior was immediately demonstrated by the scale of Project Independence announced by President Nixon, which promised to wean the U.S. from its dependence on foreign energy sources by 1980. In the early 1970s, the United States was dependent on foreign sources for only 15 percent of its supply of energy while Western Europe and Japan had to import, respectively, 75 and 90 percent of their supplies. U.S. demand for energy was expected to significantly increase, such that by 1980 the US would be dependent on foreign sources for more than half of its oil supplies. Thus, the goal to achieve self-sufficiency by 1980 was a difficult and costly endeavor. The more economical and realistic alternative, i.e., yielding to Arab petrostate demands and supporting U.S. oil companies in their negotiations with the oil producers, were either not considered or outright rejected by the Nixon Administration.

A statist approach inevitably reduces the role played by private sector actors – such as the oil multinationals – in the formulation of U.S. energy politics. It is worth noting that the Nixon Administration repeatedly refused to intervene with the oil producing countries on behalf of the mostly American oil multinationals, because, as explained by Kissinger, the Administration was pursuing greater geopolitical objectives. Indeed, the embargo was the start of the end for the multinationals' discretion over pricing and allocation.

According to Krasner, in striving to further the national interest, the state may confront internal as well as external resistance. Central decision-makers may be frustrated not only by other states but also by their inability to overcome resistance from within their own society. The ability of the state to overcome domestic resistance depends upon the instruments of control that it can exercise over groups within its own society.

The Constructivist Approach

Weldes' (1996) approach differs from Krasner's in that she takes a constructivist approach whereby 'national interest' is defined by individuals who act in the name of the state and who "approach international politics with an already quite comprehensive and elaborate appreciation of the world, of the international system and of the place of their state within it. […] This appreciation, in turn, is necessarily rooted in meanings already produced, at least in part, in domestic political and cultural contexts." According to Weldes, the state can analytically be construed as a unitary actor, but not in fact. As such, individual state actors cannot be perceived as "irrelevant to the construction of state identities and interests."

Instead, Weldes argues that the national interest is a social construction whereby national interest emerges out of the problem definitions through which state officials and others make sense of the world. This social construction of the world requires state officials to create representations of the 'self' and of 'others'. For instance, during the post-World War II period, the United States is the global leader while the others range from totalitarians, communists, states beholden to the Soviet Union, unstable and underdeveloped states, friendly dictators, freedom-loving allies and uncivilized terrorists.

Weldes argues that understanding the construction of national interest requires an examination of the representations that state officials have constructed. References to terms and ideas extant within a culture – for example, analogies to 'Munich' – produce contextually specific representations of the world.[58] Claims about the US national interest can make sense to most Americans if they are interpellated into a variety of already familiar subject-positions.

The oil embargo occurred when the Administration feared a resurgence of Soviet influence in the Middle East, while simultaneously rejecting that a global superpower like the U.S. was being blackmailed by underdeveloped oil producing countries. The Nixon Administration's view of the 'national interest' consisted first and foremost of pushing back the Soviets, demonstrating to foes and allies that the U.S. would not yield, and convincing allies that the U.S. was their only guarantee for steady future oil supplies.

Securitization

How did the 1970 – 1973 energy crisis become a matter of national security? There are many analytical frameworks that seek to explain the process that leads to the transformation of an issue into a national security matter. Understanding how the process unfurls is important, since the invocation of security relieves the state from existing constraints on its actions and allows it to use whatever means at its disposal to counter the emerging threat. As Buzan et al. (Buzan, Wæver, and De Wilde 1998) indicate, securitization can be seen as an extreme version of politicization. In democratically governed societies, the invocation by the state of an emerging threat is not sufficient to allow it to play outside of established rules: the public must also accept that designation.

---

[58] Indeed, a New York Times articles published after the embargo equated Europe, Japan or the United States seeking special oil deals with the Arab petrostates to the 1938 Munich "appeasement" Conference. 'The Oil Weapon'; Leonard Silk; November 6, 1973; *The New York Times*; https://www.nytimes.com/1973/11/06/archives/the-oil-weapon.html

For Buzan and what is now known as the Copenhagen School, security is about survival and the process of securitization is what language theory calls a speech act. Drawing on the work of J.L. Austin (1975), Buzan el al. define a successful speech act as a combination of language and society. Similar to Austin, there must be conditions for the speech act to be accepted – namely, Austin's "felicity conditions". These include:

1. **Preparatory condition** determined by the existence of a "conventional procedure having a certain conventional effect, that procedure to include the uttering of certain words by certain persons in certain circumstances".
2. **Appropriateness condition** to indicate that the speaker must have the authority or social status to invoke the conventional procedure.
3. **Sincerity condition** that posits that participants in this "conventional procedure" must have certain thoughts or feelings, and "must intend so to conduct themselves".
4. **Fulfillment condition** to determine whether the procedure has been executed by all participants both correctly and completely.

There are three main categories of speech acts. **Locutionary acts** refer to the act of uttering words and constructing meaningful sentences with a particular grammatical structure. **Illocutionary acts** are the intended purpose or function behind the utterance. Illocutionary acts include various speech acts such as asserting, commanding, requesting, apologizing, promising, suggesting, warning, and so on. For example, "please pass the salt," is an illocutionary act whose purpose is to make a request. Finally, **perlocutionary acts** refer to the effect or impact that the utterance has on the listener or recipient. The perlocutionary act might include persuading, convincing, amusing, confusing, comforting, and so forth. For example, if someone says "You look great today," the perlocutionary act might be boosting the listener's confidence or making them feel appreciated.

For the Copenhagen School, the speech act approach to security requires a distinction among three types of units involved in security analysis:

1. Referent objects. Things that are seen to be existentially threatened and that have a legitimate claim to survival.
2. Securitizing actors. Actors who securitize issues by declaring something – a referent object – existentially threatened.

3. Functional actors. Actors who affect the dynamics of a sector. This is an actor who significantly influences decisions in the field of security.

This conceptualization of security moves beyond traditional understandings of security as merely about military threats and state sovereignty, to encompass a wider range of issues and practices. The referent object, i.e., the entity that must be protected in order to survive, has traditionally been the state, but it can also be extended to humankind (e.g., for instance relation to nuclear weapons or climate change), or even scaled down to the level of the individual. The securitizing actors are typically political leaders, bureaucracies, governments, lobbyists and pressure groups.

Buzan et al. acknowledge that one danger of the phrases securitization and speech act is that too much focus can be placed on the acting side, thus privileging the powerful while marginalizing those who are the audience and judge of the act.

Balzacq (2011) reconsiders the Copenhagen School's view on securitization as a speech act that is performative[59] in nature. He terms this approach "philosophical," in contrast to a "sociological" approach to securitization which views it in terms of practices, contexts and power relations that characterize the construction of threat images. According to Balzacq, the philosophical approach reduces security to a "*conventional procedure*" such as betting ("I bet $50") or marriage ("I do") in which felicity conditions must prevail for the act to be successful. According to Balzacq, the weakness of the philosophical approach is that it holds security as a self-referential practice (or an illocutionary act subject to felicity conditions), whereas securitization is primarily an intersubjective process. In addition, the Copenhagen School fails to treat audience and context as proper units of analysis, which makes it difficult to address the importance of audience and contextual factors in securitization theory. Finally, the speech act – acting on its own – cannot encompass both the illocutionary act and the perlocutionary effect and is therefore not sufficient for an issue to be securitized. Balzacq's sociological approach argues

[59] In a performative statement, the statement itself constitutes the act it refers to. For example: "I confess that I did it", or "I baptize this ship Mathilda".

that securitization is better understood as a "pragmatic" process that occurs within a configuration of circumstances including context, the psycho-cultural disposition of the audience, and the power of the speaker and listener. Second, for the sociological approach, performatives are "situated actions mediated by agents' *habitus.*" Performatives are the results of power games between the social field or context, and *habitus*. Rather than being reduced to a static utterance, securitization is transformed into a temporally constructed engagement by actors from different backgrounds who interactively and dynamically respond to a changing historical situation. Third, as opposed to the philosophical approach, the audience is no longer a formal category poised in a receptive mode. Instead, the sociological view asserts that the securitizing actors and the audience are mutually constituted. Accordingly, Balzacq defines securitization as:

> an articulated assemblage of practices whereby heuristic artefacts (metaphors, policy tools, image repertoires, analogies, stereotypes, emotions, etc.) are contextually mobilized by a securitizing actor, who works to prompt an audience to build a coherent network of implications (feelings, sensations, thoughts, and intuitions), about the critical vulnerability of a referent object, that concurs with the securitizing actor's reasons for choices and actions, by investing the referent subject with such an aura of unprecedented threatening complexion that a customized policy must be undertaken immediately to block its development.

Balzacq's definition of the securitization process emphasizes three important characteristics. The first is the centrality of the "*empowering* audience", which must agree with the claims made by the securitizing actor. For this process to succeed, the audience must have a direct causal connection with the issue and can enable the securitizing actor to adopt measures to tackle the threat. Second, Blazacq asserts the co-dependency of agency and context, in the sense that for an audience to accept that an issue has risen to the level of existential threat, it must have knowledge of the concept both through language and through cultural meaning. More plainly, the success of securitization is also dependent on the facilitating conditions that predispose the audience to accept the securitizing discourse. The semantic repertoire of security is accordingly a combination of textual meaning and cultural meaning, which, taken together, provide the frame of reference through which a security discourse can be understood. Third, security practices – defined as routinized types of behavior enacted through policy tools – act along with discourse to shape securitization. These policy tools are based on some form of background knowledge about a threat, and the way it needs to be confronted. Balzacq defines the instruments of securitization as “an identifiable social and technical *dispositif* embodying a specific threat image through which public action is configured to address a security issue.” Security practices can in turn be divided into regulatory and capacity tools. Regulatory tools aim to influence the behaviors of social actors by permitting/prohibiting/promoting certain practices or activities. Capacity tools enable individuals, groups and agencies to make decisions and carry out activities, with the goal of attaining policy purposes.

The securitization of the energy crisis led to the buildout of a massive energy governance infrastructure, under the aegis of a newly created Department of Energy (DOE). As with any other federal government agency, DOE has three kinds of powers: executive, legislative, and judicial. The creation of DOE meant that Congress delegated some of its own legislative power to a non-elected government agency. This new governance structure allowed the exercise of what Foucault terms “governmentality” (Foucault et al. 1991) defined as “the ensemble formed by the institutions, procedures, analyses, reflections, calculations and tactics that allow the exercise of this very specific albeit complex form of power.”

The formation of a governance structure with new powers requires a legitimation structure. It requires that different classes come together and form what Gramsci calls a ‘collective will’ (Gramsci, Hoare, and Nowell-Smith 1971) that is based on shared political interests. Effectively, the multiple federal agencies that were formed following the embargo, and the formation of CENTCOM along with the military presence in the Middle East, were completed with the acceptance of the public, which saw them as potential guarantors against future disruptions.

Historical Institutionalism

Historical institutionalism is inherently concerned with both causality and time (Mahoney, Mohamedali, and Nguyen 2016). It aims to explain substantively important outcomes in historical cases through a mode of explanation that is based on sequence and temporal structure. Three concepts are essential to historical institutionalism: *critical junctures, gradual change,* and *path dependence*.

Critical junctures are relatively brief episodes during which: a) the range of possible outcomes that might take place in the future briefly but dramatically expands; and b) events occur that quickly close off future possibilities and set into motion processes that track specific future outcomes. *Gradual change* occurs incrementally over relatively long periods of time, such that a series of events slowly moves a case toward a specific outcome. *Path dependence* occurs when a series of events occur that become difficult to reverse.

Institutional Formation and Evolution

To understand the genesis and evolution of institutions, Thelen (2003) distinguishes between arguments resting on a logic of "constant causes" and those resting on path-dependence explanations. Constant-cause perspectives on institutional genesis and change can rely on a variety of causal arguments, including functionalist-utilitarian, power-political, and cultural.

- Functionalist/utilitarian perspectives view political institutions in terms of the functions they perform, particularly their role in solving collective action problems and allowing actors to achieve joint gains through cooperation and exchange.
- Power-political perspectives claim that social institutions emerge not out of a shared concern with achieving joint gains through cooperation, but rather out of political conflict and strategic bargaining among social actors.
- Cultural-sociological perspective sees institutions as embodying collectively defined cultural understandings of the way the world works. Organizational forms reflect shared cultural understandings of what is efficient or moral or legitimate.

Path-dependence perspectives emphasize some contingency at the moment of institutional innovation and suggest that the forces behind the creation of a particular institution may be quite different from the forces that sustain it over time. The emphasis in much of the historical-institutional literature on critical junctures and developmental trajectories accounts for the attractiveness of the concept of path dependence.

Process Tracing

Collier (2011) defines process tracing as the "systematic examination of diagnostic evidence selected and analyzed in light of research questions and hypotheses posed by the investigator." Process tracing is an analytical tool for drawing descriptive and causal inferences, as part of a temporal sequence of events or phenomena. Key to process tracing is understanding the unfolding of events over time. Collier proposes four empirical tests, each classified according to whether passing the test is necessary and/or sufficient for accepting the inference. The four tests are *straw-in-the-wind, hoop, smoking gun,* and *doubly decisive*.

Good process tracing (Bennett and Checkel 2015) must include the examination of intermediate steps to make inferences on how the process took place and how it generated the outcome of interest. In other words, process tracing must identify the causal chain and causal mechanisms between an independent variable and the outcome of the dependent variable. The deductive theory-testing side of process tracing examines the implications of hypothesized causal mechanisms within a case to test whether the theory explains the case.

Process tracing can be combined with an interpretivist method, as per Vincent Pouliot's work (Bennett and Checkel 2015). Pouliot emphasizes social context and the singularity of causal accounts, but also shows that no social relationships and practices are so unique so as to defy generalization. Rather than just focusing on process tracing's theory development and testing, Pouliot recommends "practice tracing," which aims to capture local contexts, and then locate specific instances of relationships as part of larger classes of social processes.

Path Dependence

Mahoney (2000) suggests that all path-dependent analyses minimally have three defining features. First, path-dependent analysis involves the study of causal processes that are highly sensitive to events that take place in the early stages of an overall historical sequence. Second, in a path-dependent sequence, early historical events are contingent occurrences that cannot be explained based on prior events. Contingency refers to the inability of theory to predict or explain, either deterministically or probabilistically, the occurrence of a specific outcome. A contingent event is therefore an occurrence that was not expected to take place, given certain theoretical understandings of how causal processes work. Third, once contingent historical events take place, path-dependent sequences are marked by relatively deterministic causal patterns.

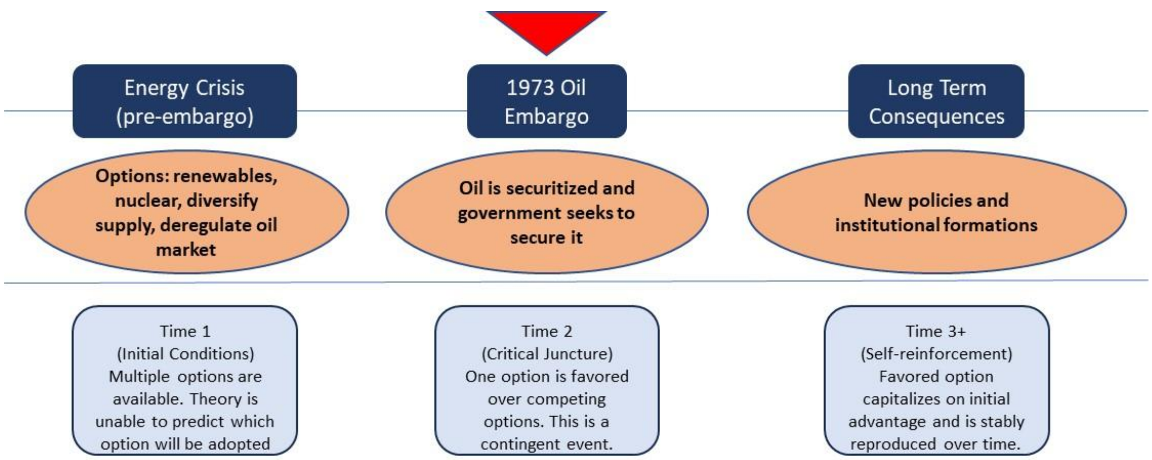
There are two sequences for path dependence. In self-reinforcing sequences, each step in a particular direction makes it more likely that future steps will be in the same direction, and it becomes much harder to reverse course. This is what is referred to as an "increasing returns" trajectory. In other words, the relative benefits of the chosen option – compared to other options – increase over time, or alternatively, the costs of reversing course rise (Pierson 2000). New institutions inevitably raise resource considerations and have distributional consequences (Mahoney and Thelen 2010) benefiting new stakeholders. Even if path dependence begins with a sudden bang following a critical juncture, it can eventually turn into a slow-moving process with barely noticeable changes over the short term, but with significant transformation over the long term. In contrast to self-reinforcing sequences, reactive sequences are characterized by backlashes and reversals that are necessary to reach the final outcome. An illustration of a reactive sequence would be: A- not A – B – C – not C – D, with D as the final outcome.

While the possibility of an Arab petrostate embargo on the U.S. was considered by the Nixon Administration, it did not anticipate that it would occur in 1973. According to Yergin (1991), on 17 October 1973, the day the embargo was announced, Secretary of State Henry Kissinger told his staff that it was unlikely that Arab oil producing countries would use the "oil weapon" against the United States. Yergin adds that the embargo was also a surprise to the Saudi national oil company, Aramco.

The embargo triggered a set of temporally ordered and causally connected events, and each event within the sequence is in part a reaction to temporally antecedent events.

I have reworked a schematic (***Figure 10***) that Mahoney used in his article to represent, at a high level, path dependency following the oil embargo.

Figure 10 - Path Dependency Following the Embargo



Public Policy Formation

The Garbage Can Model (GCM) of Organization Choice (Cohen, March, and Olsen 1972; Jann 2015) marked a significant departure from the rational actor model of government policy making. The garbage can model argues that decision-making in organizations displays three properties:

1. *Ill-defined preferences*, i.e. it discovers preferences through actions more than it acts on the basis of preferences.
2. *Unclear technologies*, i.e. the organization's own processes are not understood by its members. The organization operates simple trial and error procedures and "pragmatic inventions of necessity."
3. *Fluid participation*, i.e. the attention and involvement of decision makers is unstable or uncertain.

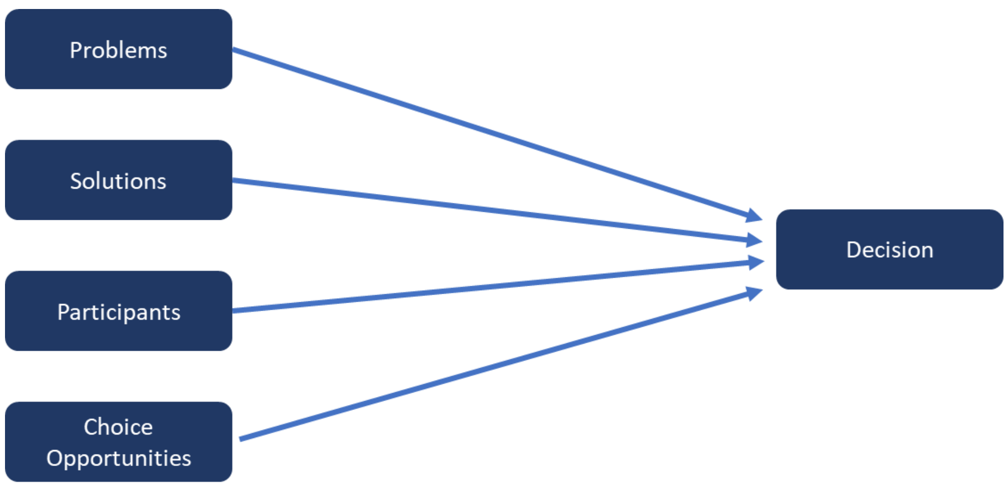
Organizations in which these properties can be observed are called "organized anarchies." In these organizations, problems are resolved without recourse to explicit bargaining, and attention spans are unstable since there are many other priorities to deal with.

This approach goes counter to traditional theories of management which assume the existence of well-defined goals and well-defined technology, as well as significant participant involvement in the affairs of the organization. Instead, Cohen et al. argue that decision opportunities are "fundamentally ambiguous stimuli." While organizations do sometimes provide a framework for problem-solving through bargaining, they also provide a set of procedures through which participants arrive at an interpretation of what they are doing while they are in the process of doing it. From this point of view, an organization is "a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be an answer, and decision makers looking for work." Decision-making, in classical organizational theory, is a rational linear process. In Cohen et al.'s proposed garbage can model, a decision is "an outcome or interpretation of several relatively independent streams within an organization." ***Figure 11*** shows the difference between the classical and the garbage can model decision making processes.

Figure 11 – Comparison between Classical and Garbage Can Decision-Making

Classical Decision-Making

Garbage Can Decision-Making



In the garbage can model, a decision is an outcome of several “relatively independent streams” and their interrelations:

1. *Problems* are the concerns of people inside and outside the organizations which require attention.
2. *Solutions* are answers that are actively looking for problems to which they may be applied. Cohen et al. argue that the question in organizational problem-solving is not known before the answer is known. In other words, the answer precedes the question.
3. *Participants* are actors who want to participate in choices and decisions but will have substantial variation in participation due to other demands on their time.
4. *Choice opportunities* are occasions when an organization is expected to produce behavior that can be called a decision. Some of these arise regularly (budgets must be passed, contracts must be signed, etc.), while others are more unpredictable (crises within or outside the organization).

The garbage cans of the model are thus the choice opportunities into which various kinds of problems and solutions are dumped by various participants. The mix of garbage in a single can, i.e., a specific choice opportunity, depends on the mix of cans or opportunities available, on the labels attached to the alternative cans or opportunities, on what garbage, i.e., solutions and problems, are currently being produced, and on the speed with which these are collected and removed from the scene.

John Kingdon's study about Agendas, Alternatives and Public Policies (Kingdon 1984; Greer 2015) uses the GCM to understand how new policies get on the political agenda, and how more than gradual political change is possible at all. Kingdon identifies two political processes:

1. *Agenda-setting* is putting an issue on the agenda. An informed observer can almost always say what the agenda is, and it can be identified by counting things like legislative hearings, press articles, or surveys.
2. *Alternative specification* is the policy solution: emissions trading or carbon taxes for climate change policy, for example, or, in our case, Project Independence. It is much more the work of the invisible players, the civil servants, lobbyists, academics, specialist journalists, and legislative staff.

Kingdon's first innovation is that agenda-setting and alternative specification are both somewhat autonomous processes, with their own logic and players.

Kingdon's second innovation is the three streams: policy, politics, and problem. Similar to the Garbage Can Model, these three streams represent a variety of diverse interests, objectives, and ideas that merge to produce a single decision.

1. *Policy Stream*. This is the ongoing discussion of policy options among experts, academics, staffers, civil servants, and others who specialize in an area of policy and make it their own. Kingdon coined the term "policy entrepreneurs" to describe those policy experts who are constantly looking for ways to promote their preferred policy solutions. Policy experts do not control the agenda setting process, but they prepare for the moment when they will be called upon to push their solutions.
2. *Political Stream*. This stream includes politicians and high-level civil servants, who control the "agenda." Political stream individuals seek office so as to enact policy, and must understand and interpret the "national mood." Speeches, hearings, legislative proposals, media campaigns, and discussions by the elite press are all ways that political

elites signal to the public and each other that they view something as a problem and want to solve it with a policy.

3. *Problem Stream*. Kingdon distinguishes between problems and conditions. Problems are regarded as solvable, while a condition is not. Sometimes a condition is redefined by the policy stream as a problem, such as with climate change.

The "window of opportunity" materializes when the three streams come together: the politicians agree there is a problem that needs solving, and the policy stream contains responses and advocates for the responses. The confluence of the three streams produces an agenda item and alternative(s).

The political agenda can be identified by looking at a variety of instruments such as press coverage, legislative activities, and government press releases. The specified alternatives can then be found by reading the relevant texts.

Baumgartner and Jones further adjusted Kingdon's model (John 2015; Baumgartner and Jones 1993). They criticized contemporary studies that predicted stability and equilibrium in decision-making. Instead, they are interested in the way in which equilibrium can be disrupted and then re-established, and in the role of institutions in that process.

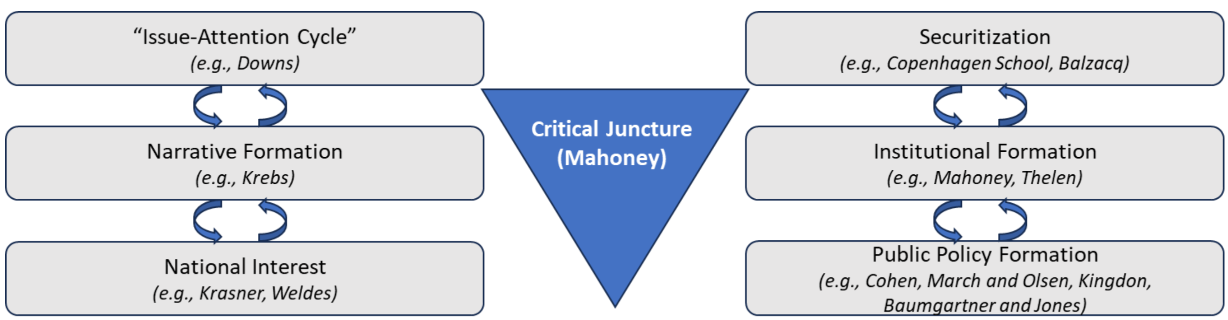
Baumgartner and Jones set out a framework for understanding decision-making in American politics. Their key claim is that decision-making exhibits long periods of stability that are punctuated by short bursts of instability and policy change. In what they termed a policy monopoly, a limited number of interest group leaders, politicians, and bureaucrats can exclusively govern a sector of public policy. Equilibrium can be disrupted by new ideas about policy problems and debates about the alternative solutions that could be applied. Once the policy topic opens to general debate and discussion, the momentum for a change in policy becomes unstoppable. After the period when positive feedback opens the policy process, negative feedback can help ensure that stability returns by limiting the range of debate and reducing the numbers of participants in it. Although politicians and interest group representatives are important in conveying a policy image, the media are central to the analysis as they can help shift the image and thereby affect the stances of other participants. An enthusiastic image can lead to the establishment of a policy monopoly, while a critical image can assist its dissolution.

Conclusion

The first order question of my research is: *Why did the 1973 Arab petrostate oil embargo, arguably a relatively minor and short duration event, have such a deep and lasting impact on U.S. energy politics?* I have argued that the reshaping of U.S. national energy politics could not have happened without three interrelated processes: (i) a narrative of 'energy crisis' that prevailed prior to the embargo; (ii) the securitization of the energy crisis as an existential threat following the embargo; and (iii) a governmental drive that used the crisis to advance many pre-embargo energy policies and to create new institutions meant to insure against the threat.

My analysis was guided by archival research, literature reviews, and equally importantly, by an understanding of the methodological foundations that have framed agenda setting, narrative formation, securitization, institutional formation, and governmental policy design and decision-making. Also critical for my research was an understanding of critical junctures, as I have argued that the 1973 oil embargo was a short-term event that precipitated major domestic and foreign policy changes that endure to this day. ***Figure 12*** below presents the key approaches and methodologies that inspired my research.

Figure 12 – Key Approaches and Methodologies



These methodologies were not used sequentially, nor were they disconnected, stand-alone methodologies. Some, in fact, addressed the same issue, but approached it from different angles. For instance, Krasner approached the issue of national interest from a realist school perspective that considered the state to be a unitary actor. In contrast, Weldes used a constructivist approach that rejected the view of the state as a unitary actor, but instead argued that individual state actors are essential for the construction of state identities and interests. Both approaches were useful for my research: Krasner's view of the national interest was consistent with the Nixon Administration's design of Project Independence and prioritization of foreign policy objectives over the U.S. oil companies' commercial interests. However, the post-embargo official statements and media articles, and in particular President Nixon's November 7, 1973 address, are consistent with Weldes' argument that understanding the construction of national interest required an examination of the representations that state officials have constructed.

Some of the methodologies were evolutions and additions to previous methodologies. For instance, Kingdon's view on agenda setting and his three-stream model build on Cohen, March and Olsen's Garbage Can Model of Organization Choice. Baumgartner and Jones added to Kingdon's model to understand how long-standing policies can be disrupted and then re-established, and how policy monopolies are created. Another example is Balzacq's "sociological" approach to securitization, which takes the Copenhagen School's approach as its starting point but enriches it with new perspectives such as emphasizing the intersubjective (rather than the Copenhagen School's self-referential) aspects of securitization and the centrality of the "empowering audience."

Some of the methodologies that I used dovetailed or overlapped with other methodologies, while others were in contradiction. For instance, Kingdon's "window of opportunity" concept, Baumgartner and Jones' study of how equilibrium can be disrupted, and Downs' "issue-attention cycle" are consistent if not complementary to the concept of "critical juncture." On the other hand, while Mahoney and Collier each argues that critical junctures are major episodes of institutional change or innovation, Thelen argues that incremental change can also lead to significant institutional change. In addition, Thelen criticized the deterministic view of path dependence espoused by Mahoney (e.g., once contingent historical events take place, path-dependent sequences are marked by relatively deterministic causal patterns).

There were other methodologies that influenced my research, though they were not all discussed in this chapter. These include Tuathail and Agnew's (1992) views on geopolitics and discourse, Rosenberg's (2003) views on public memory, Masco's (2017) views on the 'crisis-*ification*' of crises, and many others.

In summary, while some of the methodologies were additions or evolutions, they did not negate the value or usefulness of existing methodologies, akin to how quantum physics did not do away or diminish the worth of Newtonian physics.

Chapter Six: Pre-Embargo Oil Governance

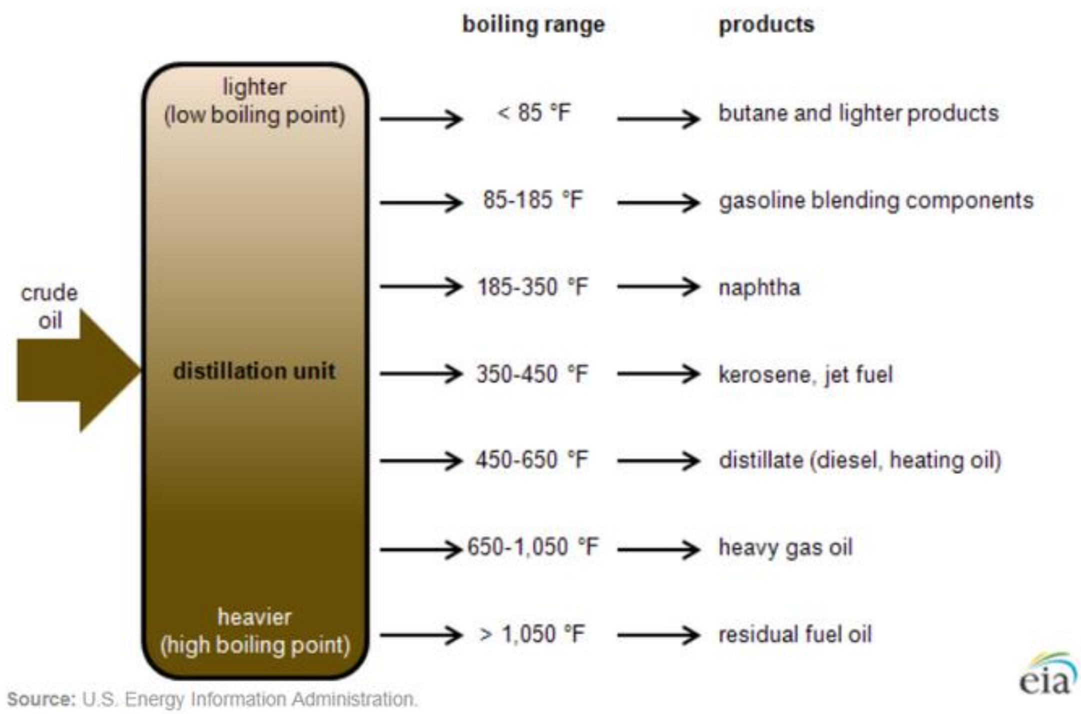
This chapter provides an overview of the U.S. oil governance regime prior to the embargo.

Preamble: The Oil Refining Process

Crude oil is the source of the petroleum products required for the functioning of an economy, but crude oil – i.e., in its unrefined form – has no purpose. Unlike coal, which can be used directly following extraction, oil must go through a capital and technology intensive process to extract useful products from it.

The U.S. Energy Information Administration's schematic on the refining of crude oil displays at a high level how the various components of crude oil are extracted.

Figure 13 – Crude Oil Distillation Unit and Products[60]



[60] U.S. Energy Information Administration https://www.eia.gov/energyexplained/oil-and-petroleum-products/refining-crude-oil-the-refining-process.php

As shown in the schematic, petroleum refineries convert crude oil into petroleum products for use as fuels for transportation, heating, paving roads, electricity generation and as feedstock for making chemicals. Refining breaks crude oil down into its various components, which are then selectively reconfigured into new products. The process of refining starts with the pumping of crude oil through hot furnaces. The resulting liquids and vapors are discharged into distillation units. Inside the distillation units, the liquids and vapors separate into petroleum components, called fractions, according to their boiling points. The lightest fractions, including gasoline and liquefied refinery gases, vaporize and rise to the top of the distillation tower, where they condense back to liquids. Medium weight liquids, or middle distillates, stay in the middle of the distillation tower. Heavier liquids, called gas oils, separate lower down in the distillation tower, and the heaviest fractions with the highest boiling points settle at the bottom of the tower. After distillation, heavy and lower-value distillation fractions can be processed further into lighter, higher-value products such as gasoline. To make gasoline, refineries combine a variety of streams from the processing units. Octane level, vapor pressure ratings, and other special considerations determine the gasoline blend.

There are many actors involved in the long supply chain of oil extraction, transportation, refining, and distribution, and accordingly the interruption of oil imports during the 1973 oil embargo had wide repercussions across the U.S.

Protecting Domestic Producers

Government involvement in the oil sector started with the 1913 Revenue Act which provided a depletion allowance permitting tax deductions of the gross value of annual output – effectively a subsidy to domestic oil producers. By 1935, the federal government assumed enforcement responsibilities for state pro-rationing rules, which limited oil production through output quotas, for the purpose of sustaining higher prices (Kalt 1981). After initially seeking to implement a voluntary import control program to limit crude oil imports and protect domestic oil producers, the government established the Mandatory Oil Import Program (MOIP) in March 1959, which limited the importation of crude oil and of oil products. Under the MOIP, imports of crude oil into regions other than the West Coast, which was deemed geographically isolated, were limited to a fixed percentage of domestic crude oil production. Rights to import petroleum were allocated to refiners and other importers in proportion to their size.

A Task Force on Oil Import Control recommended in early 1970 that the MOIP program be replaced by a tariff on oil imports, but President Nixon rejected its proposal and vowed to keep the quota system (Glasner 1985). By 1973, with worsening availability of both gasoline and heating oil, Senator Harold Hughes, a Democrat from Iowa, wrote to President Nixon requesting that the oil import program be immediately suspended, and that imports of crude oil and finished products be permitted from all origins.[61] The letter was cosigned by thirteen other senators.

The MOIP was terminated by President Nixon on April 18, 1973. Producers and refiners had objected to the administration of the quota program, and consumers had recognized that the quota system resulted in oil prices that were higher than world prices. But ultimately its demise was precipitated by declining domestic oil production and by the rising price of world prices of oil. The landed price of imported oil started matching that of domestic oil by mid-1973, and this meant that the import quota tickets issued by the MOIP had lost their value.

In the early 1970s, the Nixon administration seemed to be simultaneously pursuing two contradictory objectives. On one hand, and in line with the administration's economic leanings, the Nixon Administration seemed to be heading into a permissive regulatory regime, as the depletion allowance was reduced, pro-rationing controls (whereby states limit domestic oil production to prop up prices) were abandoned, and restrictions on oil imports were gradually relaxed. On the other hand, the Nixon Administration also resorted to a policy of wage and price freezes, to moderate the rising inflation of the early 1970s. The pursuit of contradictory objectives will often recur during the Nixon Administration's handling of the energy crisis, starting from its dual objective of ensuring the availability of cheap energy supplies while simultaneously protecting the profitability of U.S. domestic oil producers who were threatened by cheaper imported oil.

[61] Letter from Sen. Harold Hughes to President Nixon; January 10, 1973; Nixon Presidential Materials Project; White House Central Files; Staff Member Office Files; John Whitaker; Box 54; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Price Controls

To paint a more complete picture of the context during which the Oil Embargo occurred, it is essential to go back to August 15, 1971. With the 1972 presidential election approaching, rising inflation, relatively high unemployment, and a continuous drain on U.S. gold reserves, President Nixon made two critical decisions. First, he abandoned the dollar's convertibility to gold, which was tantamount to a devaluation.[62] Second, he issued executive order 11615 imposing a ninety-day wage and prices freeze, as per the authority provided to the president under the Economic Stabilization Act of 1970.[63] The ninety-day freeze became known as "Phase I" price controls. Once the ninety-day freeze ended, "Phase II" began on November 14, 1971, which allowed price increases when costs increased, but froze profit margins at the best two of the previous three years. Perversely, this meant that once their profit margin limits had been reached, firms had no incentive to reduce costs (Glasner 1985). Phase II came to an end on January 10, 1973. The controls were beginning to cause shortages in some products and resources, but the administration feared that the elimination of these controls would reignite inflationary pressures. "Phase III" price controls started on January 10, 1973. To avoid shortages, controls were generally relaxed but there was a requirement that the Cost of Living Council (CLC) could ask firms to provide a justification for any price increases.[64] Now that compliance with price controls became voluntary rather than mandatory, heating oil prices rose from their 1971 levels at which they had been frozen. The increase in price reflected higher world crude prices, but in reaction to the public outcry, the CLC issued Special Rule Number One (SRNO). SRNO set new controls on prices and profit margins on the twenty-three largest firms in the oil industry, but since these firms produced substantial amounts of crude outside of the U.S., they began to reduce the amount of crude oil they shipped to the U.S., therefore reducing available supplies.

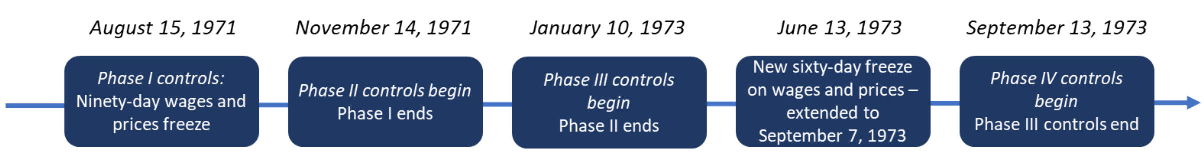
[62] Following the 1944 Bretton Woods meetings, the U.S. guaranteed the dollar's convertibility to gold at the rate of $35 per ounce

[63] https://www.federalregister.gov/executive-order/11615

[64] The Cost of Living Council was an executive agency within the Executive Office set up under the new presidential powers provided by the Economic Stabilization Act of 1970

As inflation rose again during the first half of 1973, President Nixon imposed a new 60-day freeze on wages and prices on June 13, 1973. The second freeze resulted in product shortages because, in contrast to the first freeze, it was imposed during a period of accelerating inflation. Domestic oil prices were frozen, while imported oil was not. The result was that oil companies were able to sell the same product at two different prices and could decide which customer could get which product and at which price. This prompted the federal government to step in and impose mandatory allocations to ensure fair treatment to all customers. This led to "Phase IV" controls, which was to follow the sixty-day freeze, and remain in effect until the Presidential authority to control wages and prices expired on April 30, 1974. The freeze was extended to September 7, 1973, to allow more time for the Cost of Living Council to prepare the new regulations. The Phase IV controls on oil and oil products were complex, but they also had one feature that was critical in precipitating shortages: the CLC allowed changes in ceiling prices only once a month – implying that cost increases that occurred after the ceiling price increase but before the next ceiling price was set could not be recovered. In addition, concern about shortages of heating oil caused the CLC to allow price increases and to encourage heating oil production. However, higher prices led to lower demand for heating oil and higher heating oil inventories. In contrast, gasoline supplies, whose prices were not increased, were hoarded by suppliers. In brief, by mid-1973, the government had moved away from attempting to control petroleum prices through controlling supply (i.e., pro-rationing and quotas) to imposing price constraints on oil production, refining, marketing and retailing operations. **Figure *14*** Shows the progression of price controls.

Figure 14 – Progression of Price Controls



As of September 1973, oil extracted from a producing property up to the amount extracted from that same property in the corresponding month in 1972 was defined as "old oil." Oil extracted more than 1972 levels was defined as "new oil." Furthermore, oil produced from properties that began production after 1972 was also defined as "new oil." Every barrel of new oil produced from a new property entitled the producer to release from controls one barrel of old oil from the same property. The government's goal was to encourage exploration and production of “new oil”, since its price was uncontrolled. Instead, allowing two prices for physically indistinguishable commodities created powerful incentives to evade controls.

The Emergence of OPEC

During the 1950s, oil production capacity in the Middle East was growing at a faster rate than the global demand for oil (Amuzegar 2001). Foreign oil companies used an official price for oil called the ‘posted price’ at which the country’s share, i.e., taxes and royalties, was calculated. Actual market prices at which oil was globally sold usually showed various discounts from the posted price, thus the producing countries’ realized share was effectively higher than their contractual share. It is worth noting here (Adelman 1972b) that posted crude oil prices are a roundabout calculation of what comes close to a per-barrel tax on production. Since over four fifths of oil output moves through the major oil companies’ integrated production, refining, and distribution channels, there is no direct relationship between the ‘posted’ price and what is realized from the sale of refined products. Oil companies can elect to sell oil as crude (f.o.b – freight on board), or as delivered crude (c.i.f. – cost insurance and freight), or refine it and sell it either wholesale or retail. Each choice beyond simple f.o.b. involves added costs and investments, which must be weighed against added profits. Theoretically, companies will push each opportunity toward the point where incremental rates of return are equalized, so that there is no opportunity to improve on its position or present value by changing the investment plan (i.e., the company achieves Pareto-optimality).

During the 1950s, both the oil companies, eager for higher market share, and the oil producing countries, eager for additional revenues, pushed for higher production. Higher production led to depressed oil prices and ultimately resulted in lower revenues. The idea of an oil producers’ association that brought them together to exploit their petroleum resources emerged in 1949 when Venezuela approached Iran, Iraq, Kuwait and Saudi Arabia. After the oil companies again reduced the ‘posted’ price in 1960, delegates from Iran, Iraq, Kuwait and Saudi Arabic met in Baghdad in September 1960 to lay the foundation for the Organization of Petroleum Exporting Countries. The action was presented to the world as the producing countries’ resistance to the arbitrary actions of the Seven Sisters: Anglo-Persian Oil Company (now British Petroleum), Gulf Oil (now Chevron), Shell, Standard Oil of California (now Chevron), Standard Oil of New Jersey (Exxon, now ExxonMobil), Standard Oil of New York (Mobil, now ExxonMobil), Texaco (now Chevron). Under the influence of Venezuela’s Minister of Mines and Hydrocarbons, OPEC sought to achieve a better return on assets through a system of inter-country pro-rationing modelled after the Texas Railroad Commission.

As OPEC was gaining traction, the United States and Europe's oil consumption surged and by 1950 the U.S. was transformed from a net oil exporter to importing 1 million barrels per day (MMB/D) and by 1970 over 6 MMB/D. Demand for oil rose by more than 9 percent in the first six months of 1970. Rising demand created a seller's market and a new five-year price fixing agreement was signed in Tehran on February 14, 1971 between 23 multi-national oil companies and 6 Middle East oil producers – Abu Dhabi, Iran, Iraq, Kuwait, Qatar and Saudi Arabia. The new accord increased posted prices along with an increase in the producing countries' share of the posted price – up to 55 percent. By mid-1973, OPEC's membership had extended to all major petroleum exporters. Further concessions were obtained by OPEC from the oil companies in 1972 and in 1973. The 1973 Arab-Israeli war and the oil embargo by the Arab members of OPEC further tightened oil supplies and increased spot oil prices. On October 16, 1973, a few days after the start of the war, the Ministerial Committee of OPEC's Middle East members announced a further increase in the price of oil, to align it with spot market prices. By 1973, the power to set oil prices, held by the oil majors from the 1920s on, changed hands to become the sole prerogative of OPEC members. Oil prices had increased from $1.80 per barrel in 1970 to $11.65 per barrel in December 1973. Thereafter, Iran persistently advocated a base price for the benchmark crude equal to the cost of the closest energy substitute, also indexed for inflation and currency depreciation. By 1975, there were no concessional agreements between producers and companies, and for the first time, oil exporters gained control of their oil resources. Companies became contractors to the newly established national oil companies, offering their technical services, production, and acting as their agents.

Conclusion

The stated policy for the federal government's imposition of oil imports quotas was not the enrichment of domestic oil producers. Rather, limiting imports was always portrayed as a matter of national security. The rationale was that increased reliance on foreign oil would increase the country's vulnerability in the event of war. Furthermore, lower oil prices were seen as a disincentive for domestic production and exploration and would lead to increased dependence on foreign oil. As Kelanic (2020) argues, the dilemma for U.S. officials was that domestic production ensured a baseline of available supplies in the event of a crisis. However, it also meant that U.S. oil reserves might also be drained by the time a crisis occurred.

It is debatable why limiting exports would increase vulnerability, or why import quotas and not tariffs on oil imports were the right regulatory instrument. In 1970, the Cabinet Task Force on Oil Import Control headed by then Treasury Secretary George Shultz had recommended moving gradually to a tariff system in lieu of the oil import quota program, arguing that tariffs would encourage price competition between foreign suppliers and would permit greater imports if the U.S. demand is larger than expected in a particular year.[65] However, these recommendations were not implemented.

In addition, limiting imports meant that U.S. oil resources would be drained first, which ultimately increases dependence on foreign oil. The award of quotas to some but not to other importers also allowed for government favoritism and for political – rather than economic – competition between importers. The government could have auctioned the quotas to the highest bidders, so as to capture their full economic value, but instead the government sought to put in place a regulatory framework that satisfied importers, large refiners, and small refiners – an impossible task since each of those constituents pursued different business objectives.[66] The increase in the number of quota tickets eventually resulted in lower prices for domestic oil, which was contrary to its objective.

[65] "Energy Supply and Government Policy", S. David Freeman, Director, Energy Policy Staff, Office of Science and Technology; July 20, 1970; White House Central Files (WHCF); Staff Member Office Files (SMOF); Kenneth R. Cole Subject File; Box 40; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[66] Large importers wanted the quotas to reflect the amounts they were already importing. Large refiners who had not previously imported opposed historically based quota allocations which would have favored large importers. Small refiners wanted a share of quota tickets greater than their current refining capacity, so as to promote competition.

Chapter Seven: Pre-Embargo Energy Crisis Narratives

Prior to the embargo, many competing or "unsettled" (Krebs 2015) energy crisis narratives explained why the era of cheap and plentiful energy had ended. Following the embargo, these narratives coalesced into a dominant narrative that explained the causes of the hardship caused by oil shortages and squarely laid the blame on Arab petrostates that had decided to weaponize oil. This chapter describes the many narratives that prevailed prior to the embargo.

The *New York Times* as the Newspaper of Record

To identify the pre-embargo narratives, I searched for the term "energy crisis" in the *New York Times* archives from January 1, 1970 to December 31, 1973. The search yielded 1,432 articles, which I then reviewed to understand how the crisis was being discussed by the Nixon Administration, Congress, local officials, business and media.

My choice of the *New York Times* as the newspaper of record was driven by its long history of covering both national and world events, politics and business. Besides its breadth of coverage, the *New York Times* has an extensive and accessible archive, and its editorial standards are generally well respected. Furthermore, I agree with Rosenberg's (2003) assertion that historical memory is inseparable from the modern media. A newspaper with a wide national circulation such as the *New York Times* had the ability to both collect and circulate diverse stories about the energy crisis. Because it could shape some stories while burying others, it could blur the distinction between what is "memory" and what is "history" while also facilitating the creation and persistence of various narratives about the energy crisis. In this sense, the *New York Times*, quoting Rosenberg, may be seen as a "figurative site of contested meanings where power is exerted and challenged."

I selected the *New York Times* instead of a more specialized publication such as *Foreign Affairs* because I am interested in capturing public narratives which are broader than the expert opinions of specialized publications. While both narratives and expert opinion can be implicitly laden with structure and politics, my contention is that public narratives are more critical for the securitization act. As Balzacq (2011) argued, securitization is better understood as a "pragmatic" process that occurs within a configuration of circumstances including context, the psycho-cultural disposition of the audience, and the power of the speaker and listener.

The Energy Crisis Narratives

Prior to 1970, the only mention of an energy crisis in the *New York Times* is related to European concerns about energy shortages. A 1955 article stated that "to a growing number of Europeans, oil seems to be the best bet for saving the Western European economy from a serious energy crisis."[67] The first mention of an energy crisis in the *New York Times* occurred on August 11, 1970.[68] In that article, John N. Nassikas, the chairman of the Federal Power Commission warned of power shortages unless power producers were supplied with sufficient feedstock (e.g., natural gas, coal, and oil). He indicated that the shortage of feedstock "is the most acute phase of our developing energy crisis." However, as shortages worsened, new narratives formed.

The selection of the seven themes described below was based on how often they recurred in the *New York Times* archival records. I recognize that I used judgment in selecting these themes, but they do seem to cover the main opinions on the energy crisis that I observed during my research. The themes are as follows:

1. *The 'oil scarcity' narrative*: A review of pre-embargo articles, academic publications, and the Nixon Administration's studies and communications indicate a widespread perception that oil was running out.
2. *The 'greedy oil sellers' narrative*: The oil scarcity narrative was entwined with a narrative of excessive profiteering by greedy Middle Eastern countries and large oil multinationals. However, the oil producing countries and the multinational companies were exhibiting normal behavior as rational actors seeking to maximize their own revenues. The oil producing countries believed that they were not receiving adequate compensation for their oil, while the oil companies, fearful of having their assets

[67] 'Europe Sees Oil Saving Economy: New Discoveries Expected on Continent May Avert Serious Energy Crisis'; Michael L. Hoffman; May 8, 1955; *The New York Times*; https://www.nytimes.com/1955/05/08/archives/europe-sees-oil-saying-economy-new-discoveries-expected-on.html?searchResultPosition=1
[68] 'F.P.C.'s Head Warns Power Shortages Are Possible Next Winter'; Richard Halloran; August 11, 1970; *The New York Times*; https://www.nytimes.com/1970/08/11/archives/fpcs-head-warns-power-shortages-are-possible-next-winter.html?searchResultPosition=4

nationalized by oil producing countries, went along with the price increases and resulting improvement to their own profitability.

3. *The 'oil weapon' narrative*: Within the Nixon Administration, James Akins, President Nixon's energy advisor, feared that oil would be used as a political weapon against the U.S., and argued for increased conservation and the deployment of alternatives fuels.
4. *The 'incompetent government'* narrative: Noted economists, such as Adelman and Solow, early on argued that the root of the energy crisis was poor government regulation, and that deregulation would remove the supply shortages.
5. *The 'anti-environmentalist' narrative*: Both within the media and in the Nixon Administration, there was a perception that the Clean Air Act, the Environmental Protection Agency, and the regulations complicating the siting of new energy facilities were responsible for the shortages. One of their arguments was that switching from plentiful coal to supply-constrained oil for environmental reasons meant higher demand for oil, when supplies were already constrained. Even prior to the embargo, the Nixon Administration had asked Congress to allow for a relaxation of environmental standards. Following the embargo, the Administration asked Congress for presidential authority to direct energy facilities to switch back from oil to coal whenever feasible.
6. *The 'U.S. in decline' narrative*: The pre-embargo energy crisis occurred as the Vietnam war was winding down, with the US having lost against an underdeveloped nation. While there was no appetite to deploy U.S. forces to take control of oil resources, there was nonetheless a sense that the U.S. was again being bested by underdeveloped nations, which added to the post-Vietnam general malaise.
7. *The 'insufficient energy research funding' narrative*: This narrative fits nicely within Downs' (1972) 'Alarmed discovery and euphoric enthusiasm' stage. A strong belief developed during the energy crisis that the U.S. would be able to solve the problem within a relatively short time. This belief was shared by both political parties, as demonstrated by Senator Henry Jackson when he shared with his Committee on Interior and Insular Affairs a draft bill to "establish a major national program for research and development, and demonstration of fuels and energy technologies and for the coordination and financial supplementation of Federal energy research and development

programs."[69] The Nixon Administration has also made requests to Congress to increase energy R&D funding and to set up the Energy Research and Development Administration (ERDA).

Often, these narratives overlapped. For instance, an April 12, 1972 *New York Times* article reiterated the warnings of a looming energy crisis.[70] Faced with diminishing domestic supplies ('*oil scarcity' narrative*), the oil and gas industry claimed that higher prices ('*greedy sellers' narrative*) would incentivize exploration and presumably lead to the discovery of new deposits. The article added that to avoid power shortages during the 1972 summer, the Nixon Administration pressed Congress for emergency authority to license nuclear power plants, which was a measure that was opposed by environmentalists ('*anti-environmentalist' narrative*).

On June 12, 1973, Peter Grose, a foreign correspondent at the *New York Times,* discussed the swirling narratives around the gasoline shortages. In an article entitled "Refining Energy," he rejected the idea that the world was running out of oil, and instead laid the blame on the inadequate planning of refining and distribution.[71] He noted that the oil industry simultaneously blamed both environmentalists and the oil import quota system, while critics of the oil industry blamed the energy crisis on the oil companies, which had deliberately deferred refinery construction to eliminate surplus output and raise prices. Going forward, Mr. Grose suggested that rationing, new refinery construction, and higher prices should be considered. He also agreed with M. A. Adelman's position (Adelman 1972a) that the major oil companies should be prevented from marketing oil on behalf of producing countries.

The 'Oil Scarcity' Narrative

Up to January 1972, the main concern – as reflected by a review of *New York Times* articles – was still electric brownouts and the lack of feedstock at power plants, rather than long lines at

---

[69] Letter from Senator Henry M. Jackson to the Committee on Interior and Insular Affairs; March 3, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, Charles J. DiBona Subject Files; Box 26; Richard Nixon Presidential Library and Museum, Yorba Linda, CA
[70] 'Energy Crisis Ahead; April 10, 1972; *The New York Times*; https://www.nytimes.com/1972/04/10/archives/energy-crisis-ahead.html?searchResultPosition=37
[71] 'Refining Energy'; Peter Grose; June 12, 1973; *The New York Times*; https://www.nytimes.com/1973/06/12/archives/refining-energy.html?searchResultPosition=67

gas stations. In a January 23rd, 1972 article, Gene Smith, a *New York Times* reporter, noted that power utilities such as Consolidated Edison in New York may not have adequate generating capacity to meet summer needs.[72]

On July 20, 1972, the Office of Science and Technology, which is part of the President's Executive Office, prepared a paper on "Energy Supply and Government Policy".[73] The paper explored the adequacy of available energy supplies to meet rising consumer demand, while noting public concerns about environmental impacts and eventually higher prices due to inflation and environmental restrictions. The paper estimated that U.S. natural gas resources will be exhausted by the end of the 20th century, that oil is "too finite and not renewable", and that nuclear energy is "still a decade or more and several billions of dollars away".

Influential books also predicted that the planet was running out of fossil fuels. For instance, the investigative journalist James Ridgeway wrote a trade book called "*The Last Play: The Struggle to Monopolize the World's Energy Resources*" (1973) published by the major commercial press E. P Dutton in 1973. The book, opens with an alarmist tone:

> […] most of the earth's remaining coal will be extracted between 2000 and 2300;
> […] 80 percent of all oil in the United States will be used up in the 65 years from 1934 to 1999 – less than the span of a human lifetime […]

Lawrence Rocks and Richard Runyon's "*The Energy Crisis*" published by Crown Publishers (1972), and reviewed by the *New York Times* on February 25, 1973, was an influential book from that period.[74] It stated that U.S. oil would run out by 1990 at present consumption rates,

---

[72] 'Power Lack Next Summer?'; Gene Smith; January 23, 1972; *The New York Times*; https://www.nytimes.com/1972/01/23/archives/power-lack-next-summer-commission-disputes-con-eds-optimism-power.html?searchResultPosition=32

[73] "Energy Supply and Government Policy", S. David Freeman, Director, Energy Policy Staff, Office of Science and Technology; July 20, 1970; White House Central Files (WHCF); Staff Member Office Files (SMOF); Kenneth R. Cole Subject File; Box 40; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[74] 'Energy Crisis'; Chris Welles; February 25, 1973; *The New York Times*; https://www.nytimes.com/1973/02/25/archives/the-energy-crisis-the-struggle-to-monopolize-the-worlds-energy.html?searchResultPosition=1

and in l985 at the 1970 growth rate. It claimed that “the future holds a massive trade-off – a massive power default or a massive population reduction, or both.”

The federal government seemed also in agreement that oil scarcity was a real possibility. National Security Study Memorandum (NSSM) 174, which analyzed the national security implications of world energy supply and distribution estimated that, based on expected consumption patterns and available information on oil reserves, the world would reach a point where further extraction would become uneconomical.[75] It estimated that if a 10 percent limit on foreign oil imports were enforced, the U.S. would run out of proven reserves by 1992, even with improved oil recovery methods.

The ‘Greedy Oil Sellers’ Narrative

According to Ridgeway (1973), in 1973 seven international oil companies controlled two thirds of the world’s oil, which was mostly located in the Arab countries of the Middle East. Ridgeway blamed the federal government of complicity for allowing them – through permissive regulations and tax laws – to control the energy market. He accused the oil companies of orchestrating the energy crisis to increase their profits. His solution was for the government to expropriate the nation’s energy resources and replace the private governance of energy with a federal energy board created by Congress that would supervise energy policy, implement regional plans, and negotiate and make purchases of energy resources on the world market.

Ridgeway emphasized the unwillingness of oil companies to live up to their commitments and claimed that they were fabricating the energy crisis to increase their profits. For instance, on May 11, 1972, the *New York Times* reported that Continental Oil Company (Conoco) had filed suit in Federal District Court in Houston for relief from long-term gas delivery contracts, because they were unable to produce enough quantities to honor existing

[75] Executive Summary: National Security and U.S. Energy Policy paper prepared in response to National Security Study Memorandum 174; August 14, 1973; NSC Institutional (“H”) Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA.

contracts.[76] In the lawsuit, Conoco claimed that its contracts with its buyers were commercially impracticable, in the context of the "developing natural gas crisis."

The federal government also took to blaming oil and petroleum products sellers. On January 21st, 1973, Edward Cowan of the *New York Times* reported on President Nixon's decision to suspend until April 30 the import quotas on heating oil while increasing the quotas for other oil imports.[77] But the Administration had still not made the decision to start relying on imports to fill the supply gap, as George A. Lincoln, the Director of Emergency Preparedness, cautioned that foreign supplies of fuel oil also were tight and that the job of keeping the country warm fell chiefly on private domestic industry. He blamed the shortfall in heating oil on refiners, claiming that they had overly focused on gasoline production, instead of heating oil. But he also recognized that – because of the government's price controls – refiners had a bigger financial incentive to focus on gasoline production. Electric utilities and oil industries, on their side, blamed environmentalists for the delays in building nuclear power plants and refineries, in building the Alaska oil pipeline and in expanding offshore oil-and-gas exploration.

Finally, members of Congress also questioned if the oil companies were not fabricating the crisis to line their pockets. In a June 8, 1973 article entitled "The Gasoline Shortage: Real or Contrived?", the *New York Times* asked – with more than 1,000 filling stations closed for lack of gasoline – if the major oil companies were creating a false shortage to raise prices and profits and stifle smaller "independent" companies.[78] The *New York Times* mentioned statements by Democratic lawmakers (Rep. Les Aspin of Wisconsin, Senator James Abourezk of South Dakota, Senator Henry M. Jackson of Washington) who all pointed to the rising profits of oil companies as proof that the oil companies were benefiting from the energy crisis.

---

[76] 'Conoco Asks Court Relief As Demand for Gas Grows'; William D. Smith; May 11, 1972; *The New York Times*; https://www.nytimes.com/1972/05/11/archives/conoco-asks-court-relief-as-demand-for-gas-grows-conoco-requests.html?searchResultPosition=47

[77] 'Energy Crisis'; Edward Cowan; January 21, 1973; *The New York Times*; https://www.nytimes.com/1973/01/21/archives/lowering-the-bars-on-heating-oil-energy-crisis.html?searchResultPosition=114

[78] 'The Gasoline Shortage: Real or Contrived?'; Edward Cowan; June 8, 1973; *The New York Times*; https://www.nytimes.com/1973/06/08/archives/the-gasoline-shortage-real-or-contrived-congressmen-imply-big-oil.html?searchResultPosition=60

Accusations of profiteering by the oil companies grew louder in the ramp up to the oil embargo. On July 1, 1973, Representative James J. Howard, Democrat of New Jersey, chairman of the Public Works Committee's energy subcommittee, indicated that hearings would be held to find out if oil companies were exploiting the energy crisis to raise gasoline prices.[79] The public suspicion of corporate scheming became even more pronounced when a major electricity shortage during the 1973 summer in Texas prompted the cities of San Antonio and Austin to accuse the Coastal States Gas Producing Company of fraud and distortion.[80] They accused the company, which supplies the natural gas to run their generating plants, of creating an artificial shortage to force them to pay higher prices. In response, the company claimed that it must renegotiate the long-term contracts it has with some 400 cities and major industries because it needs additional funds to explore for natural gas. The oil industry’s rising profits seemed to provide further evidence of corporate scheming.[81] As reported in the July 26, 1973 edition of the *New York Times*, the Standard Oil Company of California announced a 41.6 percent advance in net income for the quarter and a 33 percent gain in the first half; the Standard Oil Company (Indiana) climbed 37 percent in the quarter and 29 percent in the half; the Continental Oil Company rose 23.7 percent in the quarter and 17.5 percent in the half; the Atlantic Richfield Company rose 50 percent in the quarter and 51 percent in the half; the Marathon Oil Company was ahead 65.6 percent in the quarter and 57.7 percent in the half; Ashland Oil rose 39 percent in the fiscal third quarter and 31 percent in the nine-month period and the Phillips Petroleum Company gained 25 percent in the quarter and 23.5 percent in the half. These earnings came at a time when eight of the larger companies had been charged by the Federal Trade Commission with monopoly and while oil companies were demanding higher prices on petroleum products to stave off shortages.

---

[79] ‘Howard of Jersey Plans ‘Energy Cover-Up’ Hearing’; July 2, 1973; *The New York Times*; https://www.nytimes.com/1973/07/02/archives/howard-of-jersey-plans-energy-coverup-hearing.html?searchResultPosition=116

[80] ‘U.S. Agencies Investigate Texas Electricity Shortage; Martin Ivaldron; July 15, 1973; *The New York Times*; https://www.nytimes.com/1973/07/15/archives/us-agencies-investigate-texas-electricity-shortage-junk-wells.html?searchResultPosition=131

[81] ‘Big Refiners Report’; William D. Smith; July 26, 1973; *The New York Times*; https://www.nytimes.com/1973/07/26/archives/big-refiners-report-earnings-climb-sharply-for-major-oil-companies.html?searchResultPosition=147

If it wasn't the oil companies, then it was the Arab oil producing countries being maligned in the *New York Times*. In a March 22, 1973 article by J. T. Claiborne Jr., a partner at J.H. Whitney and Company, the oldest venture capital firm in the U.S. (now Whitney & Co.), three "realistic alternatives" were mentioned as the solution to the energy crisis:[82]

> (a) promptly developing our indigenous reserves of fossil fuel, (b) violently forcing our will on the Arabs, who own two-thirds of the world's developed oil, or (c) collapsing our economy and-living standards to Spartan levels.

The article added:

> Fortunately, simply giving convincing evidence that we will immediately attack this problem aggressively and wisely could significantly moderate the attitudes of the moneychangers and the Arabs even though adequate, concrete results might not be achievable for seven or more years.

In another striking example of Orientalist thinking, a *New York Times* March 25, 1973 article titled "Gnomes of Araby" further attacked Arab oil producers.[83] It blamed the monetary crisis on the "rising pool of dollar reserves in the Middle Eastern oil-producing countries, a relatively new factor in international monetary management that is bound to grow dramatically in size and disruptive potential for the decade to come." It added that the newfound wealth of Arab producers will make "Middle Eastern interests a major force in some sectors of American industry."

As if to give credence to the claims that the energy crisis was due to oil producer greed, on June 2, 1973, the *New York Times* reported that the multinational oil companies had agreed to the price increases demanded by OPEC.[84] The article recognized that the producing countries were

---

[82] 'A Crisis Not of Energy but of Money Changers'; J.T. Claiborne Jr.; March 22, 1973. *The New York Times*; https://www.nytimes.com/1973/03/22/archives/a-crisis-not-of-energy-but-of-moneychangers.html?searchResultPosition=173

[83] 'Gnomes of Araby'; March 25, 1973; *The New York Times*; https://www.nytimes.com/1973/03/25/archives/gnomes-of-araby.html?searchResultPosition=179

[84] 'West Yields to Demands of Oil-Exporting Lands'; June 2, 1973; *The New York Times*; https://www.nytimes.com/1973/06/02/archives/west-yields-to-demands-of-oilexporting-lands-dispute-that.html?searchResultPosition=47

seeking compensation for the loss of purchasing power caused by the devaluation of the dollar in February 1973. The producing countries and the oil companies also agreed on an escalation clause to counterbalance any further loss of value by the U.S. dollar.

The 'Oil Weapon' Narrative

On April 6, 1973, the *New York Times* published an opinion piece titled "The Other Side of the Oil Thing" by Jahangir Amuzegar, former Iranian Minister of Finance, that attempted to draw a more balanced view on the emerging energy crisis.[85] The article starts by recounting the various misperceptions regarding oil producers, including their ability to gouge U.S. consumers, and the necessity for the U.S. government to forcefully confront OPEC. Mr. Amuzegar notes that prior to 1971, Middle Eastern countries received less than eight cents in combined royalties and taxes out of every dollar of sales of oil products at the retail level. Second, the average price of a barrel of crude oil paid to the Persian Gulf producers in 1970 was 17 percent below its 1947 price. Third, the average posted price of an oil barrel in early 1973 was lower than it was in 1947 and was still cheaper than U.S. domestic oil. Fourth, he noted that retail gasoline prices in the world included local duties and excises, which are paid by consumers to importing governments, rather than to oil producing countries.

Finally, taking an anti-colonialist tone, Mr. Amuzegar reminded the *New York Times*'s readers that:

> oil producers — mostly underdeveloped countries by Western standards — are now receiving a modest price for their fast-dwindling assets. These nations have always been advised by the rich industrial countries to become self-reliant; to lower their expectations for foreign aid and loans; to increase their efficiency through diversification. Is it not ironic that now — when they are determined to develop their economies through an improvement in the terms of trade with their rich partners they are to be resisted and stopped?

[85] 'The Other Side of the Oil Thing'; Jahangir Amuzegar; April 6, 1973; *The New York Times*; https://www.nytimes.com/1973/04/06/archives/the-other-side-of-the-oil-thing.html?searchResultPosition=186

But Mr. Amuzegar's article was contrary to the position taken by both journalists and economists, who instead viewed the oil exporting countries' newfound wealth as both a threat and a drain on Western economies.

On April 17, 1973, William Smith responded in the *New York Times* to remind his readers that there was "no physical shortage of energy resources in either the United States or the world for the foreseeable future."[86] The reasons for the limited supply availability included a shortfall in refining capacity, the inability of U.S. ports to accommodate loaded ships of more than 80,000 tons, high per capita energy consumption, and anti-oil policies favored by environmentalists. Mr. Smith then turned quickly to Middle Eastern countries that stand to "receive a vast influx of marks, yen, dollars and other currencies" and eventually "wield major influence in world monetary affairs as well as dominating the world's energy." Those countries, with the help of OPEC, had managed to get the upper hand. The article added that since 1971, the oil companies seemed to have capitulated to Middle Eastern countries which in 1973 claimed a 25 percent interest in existing concessions, with a plan to grow it to a majority 51 percent by 1983. Now that they had forced the hand of the oil companies, which "once masters, are now well on their way to becoming servants and the consuming countries' governments, once in control of the world oil trade, are now reacting to the beat of the producer countries." Hinting that this wealth was undeserved, Mr. Smith quoted James E. Akins, head of the State Department's energy section, who commented that "with the possible exception of Croesus, the world will never have seen anything quite like the wealth which is flowing and will continue to flow into the Persian Gulf." Not only are the oil revenues of Arab exporters worsening the U.S.'s balance of payments, they will likely also "finance a massive war against the Israelis." Anticipating a potential confrontation between the U.S. and Arab oil producers, Mr. Smith agreed with Dr. Adelman who called for the crushing of OPEC.

On his side, MIT economist Dr. Adelman, in an article published on April 21, 1973 titled "The Oil Cartel Will Get Us If We Don't Watch Out", reiterated the arguments made in his 1972

[86] 'Energy Crisis: Shortages Amid Plenty'; William D. Smith; April 17, 1973; *The New York Times*; https://www.nytimes.com/1973/04/17/archives/energy-crisis-shortages-amid-plenty.html?searchResultPosition=199

book *The World Petroleum Market* (1972b).[87] Namely, he blamed the U.S. State Department for allowing OPEC to increase oil prices following the 1971 Tehran agreements between oil producers and multinational oil companies. Reiterating his point that the energy crisis is a "fiction", he stated that the "the more we enrich the petroleum exporting nations, the greater their monopoly and power for mischief." His solution: change the role of the oil companies from oil sellers to fee contractors, thereby forcing the oil producing nations to negotiate directly with oil buyers and thereby reduce their ability to set prices.

By late 1973, the 'oil weapon' term, initially used by government officials such as James Akins and in internal government communications, was now being also used by the media. On September 9, 1973, the *New York Times* reported that U.S. Middle East politics and Middle East oil supplies had become intertwined.[88] Referring to statements made by King Faisal of Saudi Arabia that it had become difficult for his country to accept the U.S.'s support of Israel while maintaining reliable oil supplies to the U.S., and that the U.S. in 1973 was importing a third of its energy needs, the *New York Times* opined that the timing was right for Saudi Arabia to use oil supplies as a weapon against the U.S. and against Western countries that relied on Middle East oil. The article accurately predicted that Saudi Arabia would become the most crucial single foreign source of supply for the United States for the next decade.

The 'Incompetent Government' Narrative

A March 19, 1972 article by Dr. Ralph E. Lapp, a noted physicist and frequent contributor to the *New York Times*, discussed the impending shortages of natural gas, but without making any mention of oil.[89] Dr. Lapp gave two reasons for the shortages. First, oil and gas companies were reluctant to drill for new gas because the federal government regulated prices. Second, demand

---

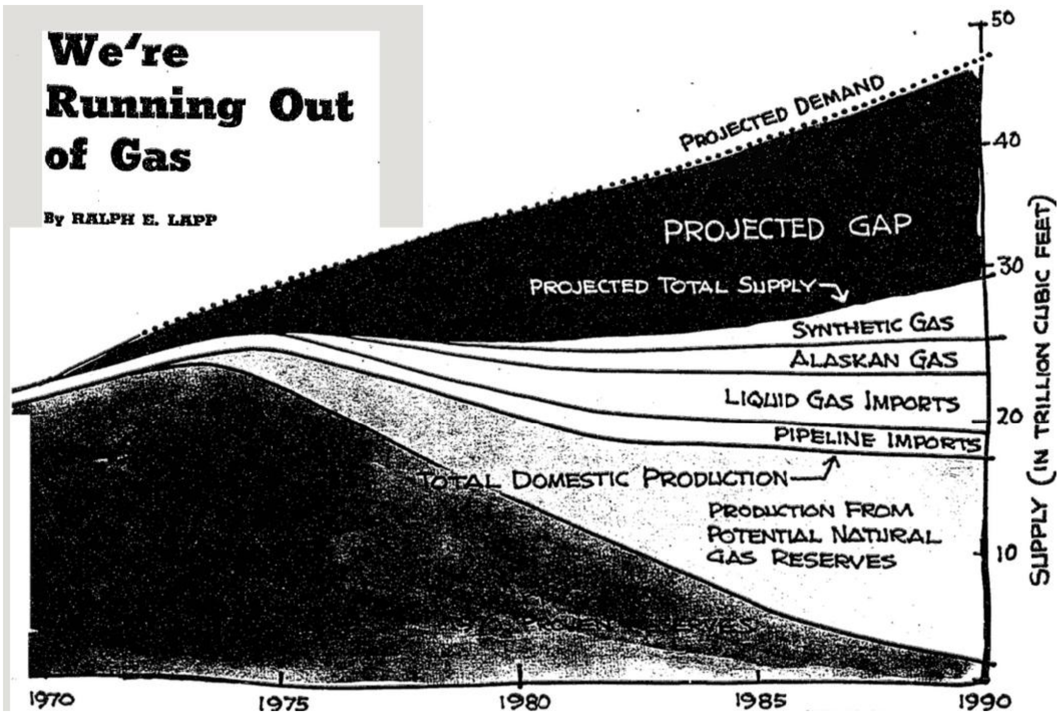
[87] 'The Oil Cartel Will Get Us If We Don't Watch Out; M. A. Adelman; April 21, 1973; *The New York Times*; https://www.nytimes.com/1973/04/21/archives/the-oil-cartel-will-get-us-if-we-dont-watch-out.html?searchResultPosition=213

[88] 'New Part of the Mideast Problem: U.S. Oil Supplies'; Edward Cowan; September 10, 1973; *The New York Times*; https://www.nytimes.com/1973/09/10/archives/new-part-of-the-mideast-problem-us-oil-supplies-good-arab-timing.html?searchResultPosition=195

[89] 'We're Running Out of Gas'; Ralph E. Lapp; March 19, 1972; *The New York Times*; https://www.nytimes.com/1972/03/19/archives/article-9-no-title-were-running-out-of-gas-were-running-out-of-gas.html?searchResultPosition=35

would soon outstrip available domestic supplies. The solution to the problem, according to Dr. Lapp, is greater reliance on the import of Liquid Natural Gas (LNG) and an allowance for higher wellhead prices by the Federal Power Commission. The schematic accompanying the article is shown in ***Figure 15***.

Figure 15 – *New York Times*: Schematic on Gas Shortages



Dr. Lapp's conclusions were not dissimilar to those of the Nixon Administration. The 1972 Office of Science and Technology's paper on "Energy Supply and Government Policy" blamed government regulations and market intervention for the crisis:[90]

> Energy supply is constrained and influenced by a host of government programs which have intervened into the normal functioning of the marketplace. In these circumstances it is easy to slide into thinking that the problem is caused entirely by these government policies and then going one step further and assuming that

[90] "Energy Supply and Government Policy", S. David Freeman, Director, Energy Policy Staff, Office of Science and Technology; July 20, 1970; White House Central Files (WHCF); Staff Member Office Files (SMOF); Kenneth R. Cole Subject File; Box 40; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

> every facet of the problem is a responsibility of the government. […]. On the other hand it is obvious that the government interventions in this area are so pervasive and energy supply so vital to the nation that we must re-examine and rationalize the federal role. […]. There may be other measures that could help in the short term but the major impact on energy supply are the many major energy policies of government that a subcommittee of the Domestic Council could re-examine for the purpose of proposing new policies to the President for action.

Paradoxically, since the paper had argued that the root of the energy crisis was government interventionism, the paper still gave two reasons for the government to restrict oil imports "to avoid reliance on insecure foreign sources and to protect the domestic industry." The paper acknowledged that imported oil was cheaper in 1970 than domestic oil, and that "from the overall economic and foreign relations perspectives, it is generally preferable to encourage trade and the use of the lowest cost sources."

The paper also agreed with the position of the Cabinet Task Force on Oil Import Control headed by George Shultz which recommended moving gradually to a tariff system in lieu of oil import quotas, arguing that the advantage of tariffs over the quota system is that tariffs would encourage price competition between foreign suppliers, and would permit greater imports if the U.S. demand is larger than expected in a particular year.

In general, the paper was in favor of removing all federal and state controls on domestic oil production (i.e., the pro-rationing system first imposed by the Texas Railroad Commission, which in addition to oil producing States, the Department of Interior was also applying to federal lands offshore Louisiana and Texas). The purpose of pro-rationing is to restrict oil extraction to support a higher price for domestic oil.

By April 1972, imported oil became essential to meeting the country's growing energy needs. In an April 26, 1972 article, Leonard Silk, an economist, columnist and editorial writer for *The New York Times* and for *Business Week*, asked if the U.S. could still afford the "luxury of tightly limiting fuel imports and permitting lavish use of all forms of energy."[91] His position seems to have been shared by Dr. James R. Schlesinger, chairman of the Atomic Energy Commission (and later Secretary of Defense 1973 – 1975 and first Secretary of Energy 1977 – 1979). According to Dr. Silk, petroleum consumption was expected to increase from 14.7 million barrels a day in 1970 to 22.5 million barrels a day in 1980. Since domestic production will be only about 12 million barrels a day, nearly half of the United States petroleum supply will have to come from abroad, especially the Middle East. Dr. Silk recognized that the increase in imports was bound to worsen the U.S.'s balance-of payments, causing a negative impact on Gross Domestic Product (GDP).

An article by *New York Times* reporter James Reston on July 21, 1972, accurately predicted future developments in the U.S.'s oil sector policy.[92] The article described on-going discussions between the Nixon Administration and Soviet officials about exchanging Western technology for Soviet gas and oil. U.S. discussants included Secretary of Commerce Peter Peterson and Armand Hammer, chairman of Occidental Petroleum Corporation. While natural gas supplies from the Soviet Union and petroleum from the Middle East would satisfy the U.S.'s energy needs, the article noted that dependence on foreign supplies would create a national security vulnerability. The article also noted that the presence of sixty different Federal agencies and more than a dozen independent Congressional committees dealing with the energy question made agreement on a unified energy policy nearly impossible.

The start of 1973 brought a far more alarmist tone. A January 21, 1973 *New York Times* article proclaimed a "nation without power," that "schools and factories were threatened daily with mid-winter closedowns for lack of heating oil", and that the problem was a "failure of planning, and stockpiling that would seem unbelievable in a well-ordered society."[93]

[91] 'Economic Analysis'; Leonard Silk; April 26, 1972; *The New York Times*; https://www.nytimes.com/1972/04/26/archives/nations-energy-crisis-a-coordinated-approach-is-essential-for.html?searchResultPosition=39
[92] 'The Moscow Tourists'; James Reston; July 21, 1972; *The New York Times*; https://www.nytimes.com/1972/07/21/archives/the-moscow-tourists.html?searchResultPosition=60
[93] 'Nation Without Power; January 21, 1973; *The New York Times*; https://www.nytimes.com/1973/01/21/archives/nation-without-power.html?searchResultPosition=112

As the crisis worsened, the Administration took to blaming Congress for its failure to pass necessary legislation. Acknowledging the possibility of energy shortages during the 1973 winter, President Nixon urged Congress on September 5, 1973 to enact seven legislative measures that he said were intended to increase the country's domestic energy supplies and avoid near-term shortages.[94]

The seven proposed bills would end federal regulation of wellhead natural gas prices; authorize deep water offshore ports for giant oil tankers; set standards for siting power plants to resolve disputes delaying proposed nuclear power stations; set standards for strip mining that the Administration hoped would lead to more surface production of coal; authorize the Alaska pipeline; authorize production of oil from the Naval reserve in California; and clarify and strengthen the authority of the Interior Department's Bureau of Land Management to authorize minerals development on 450 million acres of Federal land. The *New York Times* reported that President Nixon assigned equal priority to creating a Department of Energy and Natural Resources and a separate Energy Research and Development Administration.

The 'Anti-Environmentalism' Narrative

The Office of Science and Technology's 1972 paper on "Energy Supply and Government Policy" argued for a relaxation of environmental protection measures, pointing out that air pollution regulations controlling the emission of sulfur dioxides required shifting to low sulfur fuel, meaning natural gas, natural low sulfur oil and coal, or desulfurized fuel oil, which are not available in adequate quantities to meet potential demand.[95] The control of particulates and nitrogen oxides required modifications or additions to the combustion systems of power plants. The cooling of heated water effluents from electric power plants required cooling towers or artificial cooling ponds, but these added to the capital cost and reduced the efficiency of power

---

[94] 'NIXON ASKS ACTION ON 7 ENERGY BILLS'; Edward Cowan; September 6, 1973; *The New York Times;* https://www.nytimes.com/1973/09/06/archives/nixon-asks-action-on-7-energy-bills-move-by-congress.html?searchResultPosition=185

[95] "Energy Supply and Government Policy", S. David Freeman, Director, Energy Policy Staff, Office of Science and Technology; July 20, 1970; White House Central Files (WHCF); Staff Member Office Files (SMOF); Kenneth R. Cole Subject File; Box 40; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

production. The paper added that the resolution of energy facility siting challenges “poses one of the key problems of the 1970s if we are to meet increasing energy demands.”

During February 1973, the *New York Times* had no less than 30 articles discussing the “energy crisis.” Many of those articles blamed excessive environmental regulations for exacerbating the energy crisis. The articles included reports on slippage in the construction of nuclear power plants, the blocking of the issuance of Government permits for building a trans-Alaska oil pipeline by the U.S. Court of Appeals for the District of Columbia Circuit, and President Nixon’s message to Congress announcing a plan – no details provided – that would “assure necessary supplies of energy at acceptable economic and environmental costs.”[96,97,98]

The push and pull between environmentalists and anti-environmentalists accelerated in the months prior to the embargo. In its September 9, 1973 issue, the *New York Times* reported that Ralph Nader, a noted political activist and consumer advocate, accused the oil industry of deliberately contriving a short-term oil crisis to force construction of the Alaskan pipeline.[99] Nader added that the oil industry hoped to use the oil shortage to drive out independent refineries and gasoline retailers which provide most of the price competition. A few days later, on September 23, 1973, the *New York Times* reported that the governors of Louisiana, Texas and Oklahoma warned that they might cut off shipments of energy supplies to other parts of the country if those areas did not relax their environmental restrictions on refining and exploration drilling.[100]

---

[96] ‘Patman Says Nation Is Lagging In Effort to Meet Energy Crisis’; February 5, 1973; *The New York Times*; https://www.nytimes.com/1973/02/05/archives/patman-says-nation-is-lagging-in-effort-to-meet-energy-crisis.html?searchResultPosition=132

[97] ‘U.S. Court Blocks Permits To Build Alaskan Pipeline’; February 10, 1973; *The New York Times*; https://www.nytimes.com/1973/02/10/archives/us-court-blocks-permits-to-build-alaskan-pipeline.html?searchResultPosition=134

[98] ‘Transcript of the President's Radio Address Resources and the Environment’; February 15, 1973; *The New York Times;* https://www.nytimes.com/1973/02/15/archives/transcript-of-the-presidents-radio-address-on-resources-and-the.html?searchResultPosition=140

[99] ‘Nader Asserts Oil Industry Forced Crisis for Pipeline’; September 10, 1973; *The New York Times*; https://www.nytimes.com/1973/09/10/archives/nader-asserts-oil-industry-forced-crisis-for-pipeline.html?searchResultPosition=196

[100] ‘3 Oil Governors Hint Retaliation’; B. Drummond Ayres; September 26, 1973; *The New York Times*; https://www.nytimes.com/1973/09/26/archives/3-oil-governors-hint-retaliation-warn-of-energy-curtailment-because.html?searchResultPosition=223

The 'U.S. In Decline' Narrative

Various publications during the ramp-up to the embargo painted a picture of the U.S. in decline and at the mercy of foreign powers. For instance, Rocks and Runyon's book *The Energy Crisis* (1972) starts on a dire note. Its first sentence is: "What would the United States be like if we suffered a massive default, with no viable alternative energy sources?" They answer: first a minor inconvenience, then restrictions on the use of luxuries such as air conditioners, then, as the shortage worsened, an enormous preoccupation with obtaining life's essentials, then massive layoffs, then energy rationing, collapse of the financial system, and finally loss of freedom and dictatorship.

The sense that the U.S. was no longer able to ensure reliable access to needed energy resources was amplified by the rise of OPEC and its ability to set oil prices. In an October 12th, 1972 article, the *New York Times* described OPEC's plan to transfer ownership of oil fields to sovereign governments, along with a reduction in production level to raise prices. [101] On October 25th, 1972, Walter J. Hickel, former Nixon Secretary of Interior and future Governor of Alaska, argued that, given global reserves, there was no oil scarcity, but that increasing dependence on foreign oil made the U.S. "vulnerable to international blackmail."[102] Reflecting the Nixon Administration's position, he stated that dependence on Middle East oil would allow Arab nations to apply economic pressure on the United States, Western Europe and Japan and jeopardize the position of Israel. Hinkel argued for an increase in domestic exploration and production, including opening oil fields in Alaska and offshore.

An opinion piece in the Sunday September 23, 1973 edition by Robert E. Hunter, then a researcher at the Overseas Development Council and later U.S. Ambassador the North Atlantic Treaty Organization (NATO) during the Clinton Administration, warned that "the United States will soon have to choose between having an adequate oil supply and continuing its support for

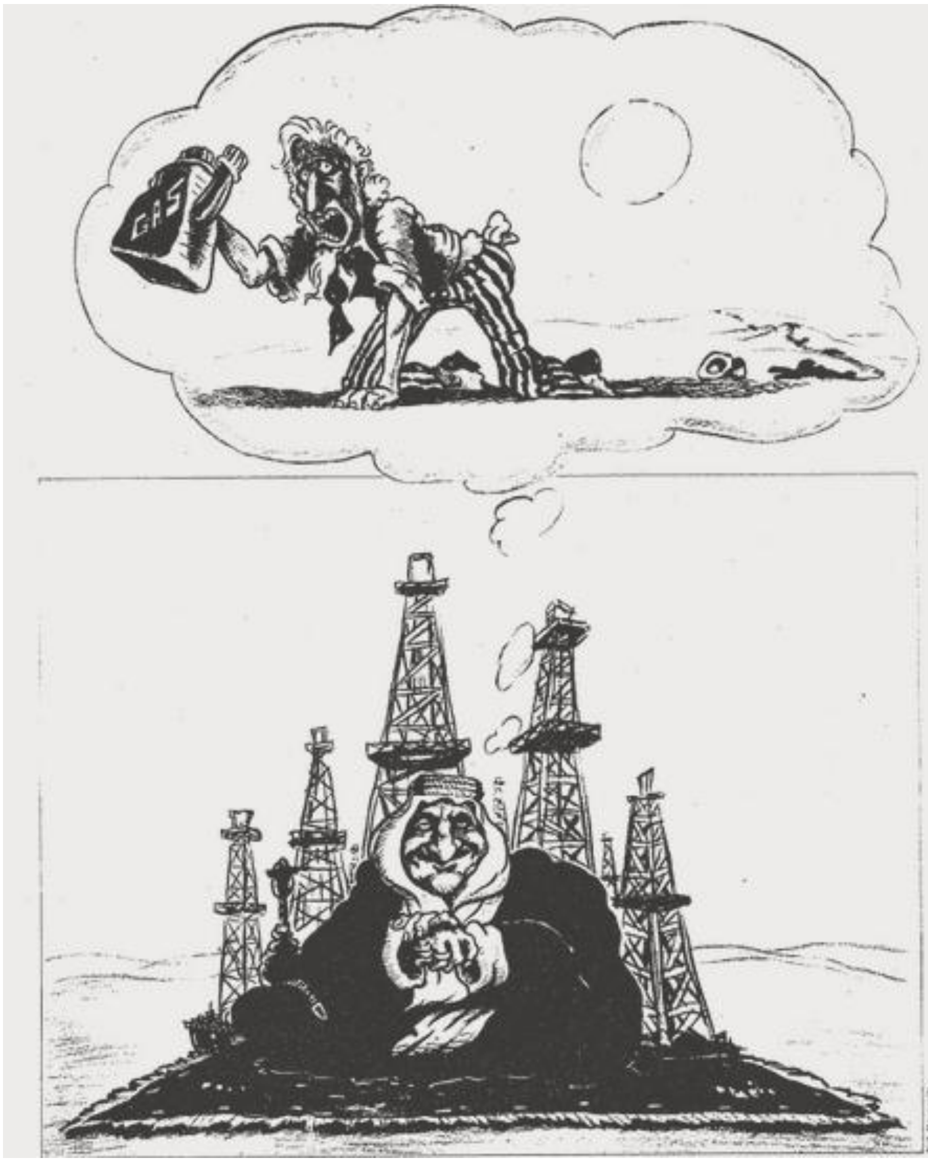
---

[101] 'Mideast Oil-Pact Meeting is Set'; Juan de Onis; October 12, 1972; *The New York Times*; https://www.nytimes.com/1972/10/12/archives/mideast-oilpact-meeting-is-set-mideast-oilpact-meeting-is-scheduled.html?searchResultPosition=75

[102] 'Oil, Oil Everywhere'; Walter J. Hickel; October 25, 1972; *The New York Times*; https://www.nytimes.com/1972/10/25/archives/oil-oil-everywhere.html?searchResultPosition=81

Israel."[103] A full-page cartoon showing a negative stereotypical image of an Arab – most likely King Faisal of Saudi Arabia – dreaming of bringing an emaciated U.S. to its knees preceded the article, as shown in ***Figure 16***.

Figure 16 – September 23, 1973 *New York Times*: 'Mideast Oil, American Demand, Israeli Security'



[103] 'Mideast Oil, American Deman, Israeli Security; Robert E. Hunter; September 23, 1973; *The New York Times*; https://www.nytimes.com/1973/09/23/archives/can-the-arabs-really-blackmail-us-mideast-oil-american-demand.html?searchResultPosition=216

Recognizing that the U.S.'s dependence on Saudi oil would only increase, the article speculated that rich Arab oil countries had so much oil that they would be willing to curtail production to influence U.S. politics. The author added that "if the Arabs imposed an embargo and stuck to it anytime in the next few years, we would be in serious trouble."

The 'Insufficient Energy Research Funding' Narrative

The Office of Science and Technology's 1972 paper on "Energy Supply and Government Policy" argued for increasing the level of energy Research and Development, pointing out that atomic energy received 84 percent of federal funding even though fossil fuels now and for the next three decades would supply at least 75 percent of energy needs, and that no agency had responsibility for energy.[104] Accordingly, government reorganization was required to rationalize the federal government's energy responsibilities and "to draw the line where federal responsibility should end and private initiative begin."

The concern about increasing energy research and funding was also shared by members of Congress. On March 3, 1973, Senator Henry Jackson shared with his Committee on Interior and Insular Affairs a draft bill to "establish a major national program for research and development, and demonstration of fuels and energy technologies and for the coordination and financial supplementation of Federal energy research and development programs."[105] The proposed bill called for an investment of $20 billion over the next 10 years to allow the U.S. to reach energy self-sufficiency by 1983. Referring to major U.S. government programs such as the Manhattan Project and the Space program of the 1960s (analogies that President Nixon would later use in his Presidential address announcing Project Independence on November 7, 1973, following the start of the oil embargo). Senator Jackson pointed out that the U.S. was in 1973 importing 27 percent of its petroleum requirements, and that by 1980 that figure would increase

---

[104] "Energy Supply and Government Policy", S. David Freeman, Director, Energy Policy Staff, Office of Science and Technology; July 20, 1970; White House Central Files (WHCF); Staff Member Office Files (SMOF); Kenneth R. Cole Subject File; Box 40; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[105] Letter from Senator Henry M. Jackson to the Committee on Interior and Insular Affairs; March 3, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, Charles J. DiBona Subject Files; Box 26; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

to 60 percent. Growing dependence on other countries would make the U.S. “open to blackmail and price boosts.” The thrusts of the proposed bill – which would later be also adopted by Project Independence – were to provide research and development funding in the “areas of liquefying and gasifying coal, converting oil shale to synthetic liquid fuels, developing geothermal energy, demonstrating advanced power cycle technology, and finding economical means for improving the environmental technology associated with the production of energy.”

Conclusion

This chapter captured seven individual energy crisis narratives that were prevalent prior to the embargo. And while they range from accusing the government of incompetence to believing that oil producers and sellers were conspiring against the American public, there is one main discernible undercurrent. This undercurrent is the general malaise that comes from realizing that the U.S., once the paramount superpower after World War II, was now enduring the ordeal of the Vietnam withdrawal, while also being challenged by underdeveloped oil exporting countries. This becomes apparent in some of the article titles (e.g., “The Gnomes of Araby”, “The Oil Cartel Will Get Us If We Don't Watch Out”, to negative depictions of Arabs (e.g., the cartoon in ***Figure 16***). William Smith’s statement in the *New York Times* that the oil companies “once masters, are now well on their way to becoming servants and the consuming countries' governments, once in control of the world oil trade, are now reacting to the beat of the producer countries” clearly conveys a fear of a reversed racial hierarchy. It mattered that the countries controlling oil resources had, until recently, been under the control of colonial powers, mainly Great Britain and France. The calls for an aggressive response or for the dismantling of OPEC were not dissimilar from post-colonial claims that raw materials found in colonized lands were the heritage of mankind (Lugard 1965) and that the West’s resource dependency required maintaining control of former colonies and slowing down their political advancement (Huxley 1968).

Chapter Eight: Post-Embargo: Price Controls and New Oil Governance

As previously indicated, the oil embargo did not cause the U.S. energy crisis, but it no doubt exacerbated it. Oil prices did rise, but higher prices do not imply resource scarcity since in 1973 OPEC was able to set a price and impose it on the oil multinationals. Rising prices did however make it politically difficult for the Nixon Administration to unwind price controls – even more, it pushed the federal government into a more intrusive role in setting oil and oil product prices, and in controlling allocations between sellers and buyers.

The Nixon Administration Explains the Energy Crisis

On December 4, 1973, after the impacts of the oil embargo had been widely felt, William E. Simon, Deputy Secretary of the Treasury and Administrator of the Federal Energy Office, gave a statement during which he addressed the energy shortages.[106] His main point was that the shortages had pushed the U.S. into a moment when a choice had to be made between "comfort and convenience, or jobs"

> The first thing to understand is that the demand for energy has been increasing continually while our supply has not. With six percent of the world's population, we are consuming 33 percent of the world's energy. Furthermore, the demand for energy in this country is growing at an annual rate of about four percent and by 1990, our energy needs will have doubled that of 1973. […] Domestic demand for oil has increased from 15.1 million barrels a year in 1971 to 18 million this year and will increase to about 21 million in 1975 and to approximately 25 million in 1980. […]. It is obvious that we have been a nation of great energy wastrels. […] Simply put, this country now faces the choice between comfort and convenience, or jobs.

[106] Statement by the Honorable William E. Simon, Deputy Secretary of the Treasury, on Federal Energy Administration and Energy Policy; December 4, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

> […] Although I feel that we will create the proper programs for increased domestic exploration and development as well as increased construction of domestic refineries, an energy crisis does exist today. However, crisis often acts as a catalyst for change […]

Mr. Simon added that oil imports rose dramatically to meet growing U.S. demand, and that imports of foreign oil would increase from 27 percent of total U.S. consumption in 1972 to about 33 percent in 1973, to over 50 percent by 1980. Accordingly, the impact of the embargo is expected to be a shortfall of about 7.5 percent of total U.S. oil requirements for the fourth quarter of 1973 and about 17.3 percent for the first quarter of 1974. With 6 percent of the world's population, the U.S. consumed one third of the world's energy, and Mr. Simon warned that the days of overabundance of cheap energy had now ended. At the end of his statement, he reiterated President Nixon's position that a single authority (President Nixon's Federal Energy Administration, for which he had proposed legislation to Congress on December 4, 1973) was required. He attributed the challenges of energy management in the U.S. to having too many energy-related responsibilities dispersed throughout the federal government.

The statement that "with six percent of the world's population, we are consuming 33 percent of the world's energy" had already been exactly mentioned in President Nixon April 18, 1973 Special Message to Congress on Energy Policy. However, Simon took a more aggressive tone when he added that "we have been a nation of great energy wastrels" and that the days of overabundant cheap energy had ended. Simon's statement was made during a time when energy shortages featured prominently on the political agenda, but the Nixon Administration's archival records indicate that neither his assessment, nor the solutions that his office and the Nixon Administration would pursue, were new. In other words, the Nixon Administration's solutions to securing the country's supplies of energy supplies neither emerged following the embargo nor due to the embargo. The embargo did, however, allow the pre-embargo solutions to be implemented.

Price Controls

The price controls in effect when the embargo took place (Phase IV controls) did allow the passing through of the costs of imported oil, but the problem was the once-a-month rule. With rising oil prices, refiners and dealers had an incentive to sell supplies early in the month and to hoard supplies until the end of the month when the next price increase went into effect. The oil embargo did lead to panic buying, but had the controls not been in place, prices would have risen with higher demand and would have declined once panic had subsided. Instead, under price controlled conditions, the embargo caused long lines at gasoline stations and resulted in gas stations running out of gasoline towards the end of the month. This led to even more intrusive controls by Congress and a reluctant Nixon Administration, which decided that the solution to the shortage was an even stricter program of mandatory allocations of crude oil and refined products.

To enable the President to put in place a mandatory allocations program, Congress passed the Emergency Petroleum Allocation Act of 1973 (EPAA) which was signed into law on November 27, 1973, and which became the foundation for federal petroleum policy post-embargo. While it came into effect after the embargo, its roots extended to the price controls enacted under the Economic Stabilization Act of 1970. The Federal Energy Office, which was established on December 4, 1973 took over the administration of the Phase IV controls from the Cost of Living Council and began enforcing the regulations and allocations required by EPAA.

EPAA introduced a complicated two-tier system of price controls on domestically produced crude oil. “Old” oil prices were frozen at a time when world oil prices were rising, while “new” oil prices were unregulated. For producers, this reduced the incentive to extract “old” oil, while refiners became eager to lock in contracts for “old” oil. The FEO’s response in January 1974 was to freeze buyer-supplier relationships into their 1972 status, and to oversee a program of oil allocation from buyers to refiners. Suppliers were required to continue to provide supplies to their customers in accordance with the percentage of the supplier’s total output provided to that customer in 1972. Changes in supplier-buyer relationships as well as any changes in ownership required federal approval.

Simultaneously, the FEO ordered a general buildup of crude oil and other products inventories, but the pricing structure – and the FEO’s concern about heating oil shortages – led to an excess production of other oil products at the expense of gasoline, and to the hoarding of gasoline supplies. To remedy the situation, the FEO started allocating gasoline supplies. Some users (e.g., farmers, energy producers, providers of emergency services, sanitation services, etc.) were entitled to receive 100 percent of their requirements. For users deemed by the FEO to be of lower priority, the only available option was to wait in line at gasoline stations.

The 1973 oil embargo, which was the trigger for even higher oil prices, further widened the difference between the price of controlled "old oil" and world prices, along with increased profits for refiners who were receiving from the Federal Energy Office a higher allocation of "old oil." This prompted the FEO to increase its intervention in the functioning of the oil market. In February 1974, along with controlling prices and oil allocations, the FEO started also controlling profits by requiring refiners with above average rate of utilization to sell oil to refiners with below average rate of utilization at a price equal to the average acquisition cost of all the oil it had obtained from all sources – effectively a wealth transfer from sellers to buyers. Faced with opposition from small refiners – who now found themselves forced to sell oil to the major oil companies at below market rates – the program was revised so that only the fifteen largest refiners would be sellers.

Accordingly, the embargo caused the federal government to become an intrusive actor in the oil sector. By December 1974, six months after the embargo had ended, the Federal Energy Administration put into effect an "old oil entitlements" program whereby the FEA would issue monthly entitlements to domestic refiners at prices that would equalize oil costs across U.S. refineries.

The Mandatory Oil Allocation Program

The Emergency Petroleum Allocation Act, passed on November 27, 1973, made the mandatory allocation of petroleum products integral to how the Nixon Administration addressed the shortages caused by the embargo. However, within the Administration, many believed that neither a voluntary nor a mandatory allocation program would alleviate the shortages caused by the embargo.

For instance, the Administrator of the White House National Energy Office, Governor John Love, stated in his public communication of August 9, 1973 that:[107]

---

[107] Statement of Governor John A. Love, Assistant to the President, on the Current Fuel Situation and Mandatory Fuel Allocation Programs; Office of the White House Press Secretary; August 9, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, John A. Love, Director; Box 1; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

> I am not convinced that the shortcomings of the voluntary allocation system can best be corrected by adopting a mandatory fuel allocation system. There are a number of alternative steps which I believe should be taken first. […] In my consultations with representatives of the public, industry and Congress, I often found mandatory allocation schemes viewed as a panacea for an expected shortage of fuels. They are clearly not that. Allocation schemes do not dampen demand, they do not increase supply. […] They simply shift any actual shortage from user to another. If we are to deal with the question of an actual shortage, we need to take more fundamental and direct steps that increase usable suppliers or reduce demand. Such steps in the short term include a review of Federal and State environmental regulations to consider possible adjustments that might permit increased use of coal and more easily available high sulfur oil, change in price controls to encourage imports, and programs to reduce demand.

He also indicated, in his August statement, that “this Administration still supports the voluntary allocation program which was initiated on May 10. […] We believe the voluntary program can function effectively and can be improved. We ask for continued, and in fact renewed, industry support of the voluntary allocation program.”

Governor Love’s public communication of August 9, 1973 further indicated that the Administration was going to publish in the Federal Register a draft mandatory allocation program for petroleum and petroleum products, while specifying that there was no plan to implement a mandatory plan in the foreseeable future. In concluding his public communication, he again reiterated the Administration’s wariness of the “ramifications and potential risks of mandatory petroleum allocation system” and its belief that an “allocation systems only redistribute available supplies,” with no hope that they will lead to increased supplies.

The Administration understood, prior to the embargo, that Congress and the public felt that the mandatory allocation program was a necessity. In a September 15, 1973 memorandum to the President by Governor Love and Roy Ash (then Director of the Office of Management and Budget), they pointed out that major oil companies were limiting supplies to independent operators, which led to strong Congressional and public pressure for the federal government to mandate the allocation of petroleum products.[108] Both Love and Ash were concerned that in case of shortages the Administration will get the blame for not instituting the mandatory system earlier. Though neither John Love nor Roy Ash believed that a mandatory allocation program would solve the expected shortages, both were concerned about protecting the Administration's image while also preempting Congress. Accordingly, one of the options proposed by Love and Ash was to announce a mandatory allocation program prior to Congressional enactment.

Later on, in Governor John Love's September 27, 1973 memorandum to President Nixon, he discussed why shortages were occurring and acknowledged that the laws imposed by the federal government had worsened, rather than improved, the situation.[109] According to Governor Love, domestic production of all domestic fuels peaked in 1971–1972. The Mandatory Oil Import Program, which allowed the importation of cheaper crude oil, placed downward price pressure on domestic oil, which became a disincentive for new exploration and development. Furthermore, output of petroleum products was constrained by refining capacity, since no new refineries had been built between 1969 and 1973, due to uncertainties over supplies of crude oil as well as environmental objections to siting. Finally, Governor Love pushed back against claims of conspiracy by the major oil companies, though they owned, respectively, 58 percent of production, 85 percent of refining, and 75 percent of marketing.

As for the Mandatory Oil Allocation Program, Governor Love indicated that it had broad support in Congress and among Governors and Mayors, whereas the Administration favored voluntary allocation programs, loosening of oil imports restrictions, encouraging conservation, and pushing for a relaxation of air quality restrictions to allow the use of oil with higher sulfur content. Governor Love acknowledged that the President's advisors were against mandatory controls and additional regulations and bureaucracy, but that they also recognized that Congress

108 Decision Regarding Mandatory Fuel Allocation Program; Memorandum from John A. Love/Roy Ash to President Nixon; September 15, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, John A. Love, Director; Box 1; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

109 'Fuel Shortages/Allocation Systems'; Memorandum from John A. Love to President Nixon; September 27, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, John A. Love, Director; Box 1; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

would act to force mandatory allocation, and shortages will be blamed on the Administration's failure to institute mandatory allocation earlier. Governor Love acknowledged that major oil companies, independent refiners and major users were opposed to the mandatory program, and he reiterated that a mandatory allocation program would not solve the shortage problem, but rather – at the cost of significant regulation and bureaucratic manpower – would only serve to spread the pain of shortages more equitably across the country.

In summary, because the Mandatory Oil Allocation Program had become law, the Nixon Administration found itself in the unenviable position of having to administer a critical program that it did not believe in.

Conclusion

When controls were first imposed on domestic oil prices in August 1971, domestic oil prices were substantially above world prices. Accordingly, to make domestic oil commercially viable, the government placed controls to support cost recovery levels (e.g., initially by pro-rationing, and then later by limiting imports). By mid-1973, before the embargo started, world oil prices had caught up with and exceeded domestic oil prices, so under Phase IV controls the federal government started controlling the price of what it called "old oil," while "new oil" was uncontrolled.

There are several takeaways from the federal government's intervention in the oil sector. First, government intervention in the energy market pre-dated the embargo and following the embargo the Democratic Congress expected the Administration to exert even more control. As Lifset (2014) argues, the shortages and "the degree to which they might be mistakenly blamed on a foreign cartel provided support for continued and increasing government involvement in the energy sector." Second, market intervention prior to 1971 sought to protect and support a higher price for domestic crude oil, through import quotas and pro-rationing. After 1971, with world crude oil prices starting to exceed the price of domestic oil, the government sought to control the rise in the price of domestic oil through price controls, mandatory allocations, and even by determining how much profit producers were entitled to make. Third, most of the controls were enacted under two Republican Administrations (Nixon and Ford) which were in favor of decontrolling the oil sector, but understood the political backlash that would occur if they had moved too quickly. Accordingly, controls were maintained and even expanded until the oil sector was fully deregulated under the Reagan Administration in 1981.

Chapter Nine: "Held up by Savages": A Post-Embargo Dominant Narrative Emerges

While there were many energy crisis narratives prior to the embargo, the "oil weapon" took over as the dominant energy crisis narrative following the embargo. The new narrative viewed the U.S. as being attacked by foreign powers, and considered that U.S. dependence on unreliable Arab petrostates had impaired the quality of life of U.S. citizens and allowed economic blackmail and foreign policy influence. The dominant narrative did not emerge in a vacuum. The pre-embargo energy shortages, the psycho-cultural disposition of a U.S. audience that saw itself held hostage by underdeveloped countries that until recently were Western controlled, and President Nixon's statement during his November 7, 1973 speech that the U.S. was entering a period of acute shortages, coalesced into one overarching narrative that laid the blame on exogenous actors and set the stage for the passage of the pre-embargo policy measures proposed by the Nixon Administration.

The "No to Blackmail" Posture

The word "blackmail" was often used by the Nixon Administration prior to the embargo when discussing the U.S.'s growing dependence on imported oil from the Middle East, and the likelihood that this dependence could be used for economic blackmail against both the U.S. and its allies. The avoidance of economic blackmail was the reason given for maintaining the oil imports quotas, which were claimed to incentivize U.S. oil companies to seek and develop domestic oil supplies. Accordingly, the embargo confirmed what the Nixon Administration had feared, and its immediate reaction was an outright rejection by Secretary of State Kissinger and Secretary of Defense Schlesinger to have U.S. foreign policy influenced by Arab countries. The "no to blackmail" posture will become integral to the dominant narrative that emerged following the embargo.

It is remarkable that the various analyses conducted by the CIA and the warnings of James Akins, who during the embargo was the U.S. ambassador to Saudi Arabia, all foretold of a possible oil embargo against the United States. Yet, just a few days before it was announced, the Nixon Administration was still unconvinced that the Arab petrostates would dare to act. For instance, on October 15, 1973, two days before the production cuts were announced, and one week before the embargo was declared, Secretary of State Kissinger stated during a discussion on the potential of an oil cut-off because of the Arab-Israeli war:[110]

> The events of this summer have led to a belief all around the world that our authority has been weakened. If we get into a confrontation, we have to show that we are a giant!

On October 17, 1973, the same day the production cuts were announced, he stated:[111]

> We don't expect an oil cut-off now in the light of the discussions with the Arab Foreign Ministers this morning.[112] What is the temperature of the oil companies? Did you see the Saudi Foreign Minister come out like a good little boy and say they had had very fruitful talks with us?

In his October 26, 1973 meeting with oil company executives, Kissinger again made his "no to blackmail" position clear:[113]

> Now, our strategy with respect to oil is that we will cooperate in a major diplomatic effort but not under pressure or blackmail. […] When the ceasefire is firm, we will make formal approaches to the key countries explaining the diplomatic initiative we are going to undertake but making the point that we cannot operate under threat or blackmail.

---

[110] Minutes of Washington Special Actions Group Meeting; October 15, 1973; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–117, Washington Special Action Group, WSAG Meeting Minutes (Originals) 10/2/73–7/22/74. Top Secret; Document # 215 in (Qaimmaqami and Keefer 2011)

[111] Minutes of Washington Special Actions Group Meeting (WSAG); October 17, 1973; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–117, Top Secret; Sensitive; Document # 219 in (Qaimmaqami and Keefer 2011). Present in the meeting were the heads of State, DOD, Joint Chiefs of Staff, CIA, NSC, and the Assistant to the President for Energy Policy (Governor John Love)

[112] Nixon and Kissinger met with the Foreign Ministers of Saudi Arabia, Kuwait, Morocco, and Algeria on October 17 to discuss Middle East issues. They did not discuss oil.

[113] Memorandum of Conversation; October 26, 1973; Meeting with Oil Company Executives; National Archives, Nixon Presidential Materials, NSC Files, Box 1027, Presidential/HAK Memcons, Memcons, April–Nov 1973. Secret; Document # 230 in (Qaimmaqami and Keefer 2011)

President Nixon's November 7, 1973 speech, and the drive to achieve energy self-sufficiency by 1980, were also driven by the decision to avoid being blackmailed over oil.

Kissinger seemed unable to understand why the Europeans would even consider yielding to the Arab petrostates' demands. In a clear demonstration of how he viewed the embargo in an ethnic-racialized lens, he stated on November 20, 1973:[114]

> Again, I will say that the European performance has been incredible to me. It is suicidal from their own point of view. The idea that 10 million Arabs can hold up and blackmail Europe notwithstanding its military, economic and financial strength should be intolerable from the point of view of the Europeans themselves.

Kissinger's position was explicitly communicated on November 27, 1973 to the U.S. embassy in Saudi Arabia, even though Ambassador Akins recommended a more flexible approach:[115]

> Our strategy is to make clear to Arabs that if they want our involvement in peace settlement efforts, they must first lift restrictions they have imposed rather than holding off on lifting restrictions until there is progress on settlement front. […] We have up to now downplayed talk of retaliation and want to keep our emphasis on one simple line of argument: the Arabs and world in general need a settlement at least as much as we do; our continuing involvement is essential if progress is to be made toward a settlement; and they will not get the kind of U.S. involvement that is necessary unless situation on oil front is returned to normal.

[114] Memorandum of Conversation; November 20, 1973; Meeting with Oil Company Executives; National Archives, Nixon Presidential Materials, NSC Files, Box 1027, Presidential/HAK MemCons, Memcons, April–Nov 1973. Confidential. Document # 243 in (Qaimmaqami and Keefer 2011)

[115] Telegram From the Department of State to the Embassy in Saudi Arabia; November 27, 1973; National Archives, Nixon Presidential Materials, NSC Files, Box 630, Country Files, Middle East, Saudi Arabia, Vol. IV. Secret; Document # 248 in (Qaimmaqami and Keefer 2011)

The reaction to the embargo was also a reflection of the Administration's view of Arab petrostates vis-à-vis the U.S.'s standing as a great power, as concisely stated by Kissinger on November 29, 1973:[116]

> I have been telling the President that we should say to the Arabs that we will make progress when you lift the embargo—not that the embargo will be lifted as we make progress.[117] […] It is ridiculous that the civilized world is held up by 8 million savages. […] we can't yield to blackmail. We can't tie ourselves to any scheme. We have to show our muscle now or the Russians will take extreme positions and drive us right out of the Middle East.

The U.S.'s position of decoupling the embargo from progress on the Arab-Israeli negotiations (even though the purpose of the embargo was to achieve progress on the negotiations) was firmly articulated by President Nixon in a December 3 letter to King Faisal of Saudi Arabia:

> […] I must tell Your Majesty frankly of my concern that the American people will not understand the continuation of these measures [referring to the embargo] while their Government is making a major and difficult effort over the weeks and months ahead to promote the just peace that the Arab world seeks. If, with the opening of the peace conference at which my Government will be a participant, these measures are not suspended, I fear that public opinion will not permit us to play the sustained role which you and we agree is our responsibility. […] Furthermore, a continuing disruption of the economy of the free world will only weaken its overall strength to the benefit of the Communist countries.

---

[116] Memorandum of Conversation; November 29, 1973; Ford Library, National Security Adviser, Memoranda of Conversations, Box 2, November 29, 1973. Top Secret; Document # 251 in (Qaimmaqami and Keefer 2011)

[117] Referring to the U.S. supporting the scheduling of a peace conference, and a resolution to the Arab-Israeli conflict according to United Nations Security Council Resolution 242

Having received assurances from Egypt and Saudi Arabia that the embargo would be lifted in a few days, President Nixon stated in his January 1974 State of the Union address:[118]

> In all of the 186 State of the Union messages delivered from this place, in our history this is the first in which the one priority, the first priority, is energy. Let me begin by reporting a new development which I know will be welcome news to every American. As you know, we have committed ourselves to an active role in helping to achieve a just and durable peace in the Middle East, on the basis of full implementation of Security Council Resolutions 242 and 338. The first step in the process is the disengagement of Egyptian and Israeli forces which is now taking place.
>
> Because of this hopeful development, I can announce tonight that I have been assured, through my personal contacts with friendly leaders in the Middle Eastern area, that an urgent meeting will be called in the immediate future to discuss the lifting of the oil embargo.

The statements that the U.S. was committing itself to the implementation of Security Council Resolutions 242 and 338, and that the "first step" in the process was the disengagement of Egyptian and Israeli forces were in fact dictated by Saudi Arabia as a condition for lifting the embargo. While Secretary of State Henry Kissinger agreed to the wording that President Nixon used, he privately told Deputy Assistant to the President for National Security Affairs Major General Brent Scowcroft:[119]

> If I was the President I would tell the Arabs to shove their oil and tell the Congress we will have rationing rather than submit and you would get the embargo lifted in three days but I am not President

---

[118] Address on the State of the Union Delivered Before a Joint Session of the Congress; January 30, 1974; The American Presidency Project; University of California at Santa Barbara; https://www.presidency.ucsb.edu/documents/address-the-state-the-union-delivered-before-joint-session-the-congress

[119] Telephone conversation, January 30, 1973; National Archives, Nixon Presidential Materials, NSC Files, Kissinger Telephone Conversation Transcripts, Box 24, Chronological Files

Secretary Kissinger was focused on the long-term foreign policy implications of yielding to what he termed “blackmail,” while President Nixon was motivated by the impacts of the embargo on the U.S. economy and on the daily lives of citizens. However, contrary to U.S. expectations, the embargo was not lifted following the State of the Union address.[120]

When the embargo still was not lifted, President Nixon wrote to King Faisal of Saudi Arabia stating that:[121]

> Your Majesty will surely understand my deep concern and disappointment that your efforts to bring about a prompt end of the oil embargo against the United States have not succeeded. I have placed great confidence in the positive indications received from your government and conveyed that confidence to the American Congress and people.

While the Nixon Administration was interested in having the embargo lifted as quickly as possible, the official line remained that U.S. actions on the military disengagement between Israel, Egypt and Syria, and the U.S.’s support of a solution to the conflict, were unrelated to the embargo, as stated by President Nixon to Saudi Ambassador Al Sowayel on February 7, 1974:[122]

> In summary, I want the embargo lifted. It is very important. But I will move to get a just peace—it will be tough. But my efforts are being hampered and will be seriously jeopardized if the embargo is the issue. The claim will be that we are moving only because of pressure from the Arabs. That is what Jackson and the others say.[123] There is no linkage. I will continue to work and the power of my

[120] The mention that the embargo would be lifted in the “immediate future” was approved by Kissinger. (Telephone conversation, January 29, 1:25 p.m.; National Archives, Nixon Presidential Materials, NSC Files, Kissinger Telephone Conversation Transcripts, Box 24, Chronological Files). Document # 292 in (Qaimmaqami and Keefer 2011)
[121] Letter From President Nixon to King Faisal of Saudi Arabia, handed to the Ambassador of Saudi Arabia on February 7, 1974; National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 139, Country Files, Middle East, Saudi Arabia, Dec 73–Feb 74. Top Secret; Sensitive; Eyes Only. Document # 307 in (Qaimmaqami and Keefer 2011)
[122] Memorandum of Conversation; February 7, 1974; National Archives, Nixon Presidential Materials, NSC Files, Box 1028, Presidential/HAK Memcons, Memcons, 1 Jan 74–28 Feb 74. Secret; Document # 309 in (Qaimmaqami and Keefer 2011)
[123] Referring to Senator Henry “Scoop” Jackson, Democrat from Washington State

> office will be behind it. But any gesture His Majesty can make, even if he gets pressure from his Arab friends, will help me move a settlement along. I will not drag my feet because of the embargo, but it will make it difficult for me to move it along—with Congress and the press.

The "no to blackmail" posture was integral to the emerging narrative. The posture simultaneously reflected a belief that the U.S., as a "giant", should not yield to "savages," and a disbelief that the feeble Arab petrostates would dare to carry through with their threat. Nevertheless, despite President Nixon's and Secretary Kissinger's assurances to the contrary, the embargo did influence the Administration's actions.

The Dominant 'Oil Weapon' Narrative

Following the embargo, the pre-embargo narratives coalesced into a dominant 'oil weapon' narrative that allowed an aggressive government response and the various energy policies that followed. Ronald Krebs (2015) has argued that "debates over national security are in fact often underpinned by dominant narratives that weave present challenges, past failures and triumphs, and potential futures into a coherent tale." The linking of oil with national security meant that the government had now an even bigger obligation to act to address fuel shortages.

There are two key differences between the 'oil weapon' narrative and the other prevalent pe-embargo narratives. First, the 'oil weapon' narrative portrayed the embargo as an attack by foreign powers on America. The use of analogies such as "Munich" (Leonard Silk in the New York Times, below) and the "Manhattan Project" (President Nixon's November 7, 1973 national address) demonstrated that both the media and the federal government embraced this characterization. Second, the energy crisis, which started prior to the embargo, was conflated with the embargo, and as Lifset (2014) argues, "while OAPEC (i.e., the Organization of Arab Petroleum Exporting Countries) and OPEC contributed to the crisis, they also became convenient scapegoats."

In a November 6, 1973 article, Leonard Silk, a *New York Times* reporter, declared that oil had "become a weapon that the Arab states, acting in concert, intend to continue to employ primarily for economic purposes—though they would obviously like to see Israel reduced or destroyed in the bargain."[124] Noting that the Soviet Union meant to "exploit oil for political purposes—as a weapon that could break up the North Atlantic alliance," the article compared the actions of the Soviet Union and the Arab petrostates to the Nazi aggressions prior to the start of World War II. Furthermore, the article equated Europe, Japan or the United States seeking special oil deals with the Arab petrostates to the 1938 Munich "appeasement" Conference.

The mention of 'Munich' resonates with Weldes' (1996) argument that understanding the construction of national interest requires an examination of the representations that state officials have constructed. References to terms and ideas extant within a culture – for example, analogies to 'Munich' – produce contextually specific representations of the world. Claims about the U.S. national interest can make sense to most Americans if they are interpellated into a variety of already familiar subject-positions. This is also consistent with Khong's (1992) argument that analogies help define the nature of the problem by comparing an existing situation to a previous situation that is more familiar.

The clearest expression of the new dominant narrative was President Nixon's November 7, 1973 national address, which was more storytelling than argument.[125] He sought to explain the impact of the oil embargo on U.S. consumers by painting the situation as the country coming under attack, and to deduce that both sacrifice and mobilization were required to reverse the situation. He called on Americans to "set as our national goal, in the spirit of Apollo, with the determination of the Manhattan Project, that by the end of this decade we will have developed the potential to meet our own energy needs without depending on any foreign energy sources." Of course, the reference to the Manhattan Project was not coincidental. The Manhattan Project succeeded in developing the first atomic weapons which played a large part in ending the war with Japan. Equating an energy self-sufficiency program with a weapons program is another indication that the intent of the speech was to convey to his audience that the country was at war.

---

[124] 'The Oil Weapon'; Leonard Silk; November 6, 1973; *The New York Times*; https://www.nytimes.com/1973/11/06/archives/the-oil-weapon.html

[125] 'Address to the Nation About Policies To Deal With the Energy Shortages'; Richard Nixon; November 7, 1973; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/address-the-nation-about-policies-deal-with-the-energy-shortages

Nixon's speech provided the narrative order that his audience was seeking. His salient points were: the U.S. was under attack; the U.S. has been attacked before; in World War II, the U.S. launched the Manhattan Project which helped to end the war; similarly, the U.S. will launch Project Independence which will achieve energy self-sufficiency; World War II required mobilization and sacrifices as the price for victory; the embargo will require similar sacrifices. In 1973, these analogies were still fresh in his audience's mind and were bound to resonate with them.

Following the embargo, the 'oil weapon' narrative, which was only one of many prevalent narratives before the embargo, became the dominant narrative. It portrayed the U.S. as a global leader being attacked by Arab petrostates who were seeking to blackmail it and its allies into unacceptable and unprincipled foreign policy positions. As a "giant" who would not yield to blackmail, the U.S. was under the obligation to marshal its resources to overcome this challenge, like it had done in World War II with the Manhattan Project. Since then, energy independence became an explicit goal of U.S. energy policy until fracking allowed the U.S. to become a net oil exporter more than forty years later.

Remarkably, the 'oil weapon' narrative persisted even after the embargo was lifted. A now declassified July 29, 1974 memorandum from W.D. Eberle, Executive Director of the Council on International Economic Policy to key Administration officials in addition to the Chairman of the Board of Governors of the Federal Reserve, raised national security concerns about the acquisition of certain American industries by oil producing countries, who were now enjoying billions in surplus revenues from higher demand and price of oil.[126] The Director of the Council on International Economic Policy seemed less concerned about the impact of higher oil

[126] Memorandum from W.D. Eberle, Executive Director, Council on International Economic Policy to the Secretaries of State, Treasury, Defense, Agriculture, Commerce, Labor, and to the Attorney General, Administrator of the Federal Energy Administration, Chairman of the Securities and Exchange Commission, Director of the Office of Management and Budget, Chairman of the Council of Economic Advisors, and Chairman of the Board of Governors of the Federal Reserve; July 29, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Box 105; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

prices on the U.S.'s balance of payment situation, and more concerned about oil producers' ownership of American assets.

For John Sawhill, Administrator of the Federal Energy Administration, the concern no longer revolved around oil availability, but rather oil prices and balance of payments. In a July 29, 1974 memorandum to William Simon, Treasury Secretary, there was now a new crisis: oil consuming nations were now facing balance of payments deficits, instead of the pre-embargo surpluses.[127] In his view, "the setting of oil prices is not only an economic exercise; it has in some cases an overriding political factor." With the nationalization of oil resources underway, with producing countries that are flush in revenues and can therefore reduce output without jeopardizing their financial positions, and with oil companies losing their ability to set prices, Mr. Sawhill recommended that the U.S. government take a more active role in ensuring low oil prices. His recommendations included (i) developing through the National Security Council a range of possible "confrontation" (his quotes) tactics to impress OPEC oil producers with the seriousness of U.S. concern over unreasonably high prices; (ii) using "U.S. political and military influence with the Saudis and the Shah to press for a significant and immediate reduction in price given the security role which U.S. power plays in helping assure stability in the Persian Gulf; (iii) examining the ability of the U.S. to implement a "special relationship" with Saudi Arabia; and (iv) communicating to Iran and Saudi Arabia that Western World will react sharply if faced with economic collapse because of high oil prices. Clearly, the sense of the 'country at war' prevailed even after the embargo had ended.

Conclusion

The 'oil weapon' narrative became the dominant narrative following the embargo. Accordingly, the energy crisis became an exogenous rather than an endogenous problem. The 'oil weapon' narrative presented the U.S. and its allies as under attack by foreign adversaries, requiring all Americans to mobilize and sacrifice to achieve the goal of energy self-sufficiency,

[127] Memorandum from John C. Sawhill, Administrator, Federal Energy Administration to William Simon, Secretary of the Treasury; July 29, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Box 105; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

which would insulate the U.S. from further attacks. The narrative was no longer about government incompetence or about oil scarcity. Instead, achieving energy self-sufficiency by 1980 was now portrayed as the nation's priority.

The emergence of the new energy crisis paradigm follows closely Downs' (1972) "Issue-Attention Cycle", in that during the pre-embargo stage (1970 – 1973), the energy crisis existed but had not risen to the top of the political agenda or fully captured the public's attention. Once the embargo occurred, there was an immediate reaction by the government and an initial confidence that with adequate research and development funds, solutions could be found to eliminate the U.S.'s reliance on imported oil through a national program of self-sufficiency. The pre-embargo narratives coalesced into one dominant "settled" (Krebs 2015) 'oil weapon' narrative. While the use of oil to influence U.S. politics was widely discussed within the Nixon Administration – for instance, James Akins' article in Foreign Affairs (1973) – the Administration was unprepared for it.

It is worth noting that President Nixon did not fully explain Project Independence's goal of self-sufficiency, as Grossman (2021) commented. Did self-sufficiency mean total energy autarky? or did it mean that the U.S. would be capable of energy self-sufficiency during a crisis? And if it's the latter, then which crises should the country prepare for? Would it be another embargo, or would it be a precipitous rise in the price of oil that could potentially damage the U.S. economy? Should the U.S. also secure its allies' oil supplies, or should it only focus on its own supplies? Furthermore, did the name "Independence" only hint to the upcoming 1976 U.S. bicentennial celebration, or did it imply a decoupling from collaboration with allies on energy policies, as Graf (2014) noted? Ironically, the term "Independence" was suggested by Herbert Stein, Nixon's Chairman of the Council of Economic Advisers, and only referred to the bicentennial.[128] However, perceptions do matter.

[128] Letter from Al Haig to President Nixon; November 6, 1973; Nixon Presidential Materials Project; President's Personal File, President's Speech File, 1969 – 74. Box 89. Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

On May 12, 1973, Edward Cowan of the *New York Times* noted that President Nixon's November 7, 1973 speech only indicated that the U.S. will develop "the potential to meet our own energy needs without depending on any foreign energy sources."[129] Cowan quoted Atomic Energy Commission Chairman Dixy Lee Ray stating that "no thoughtful person, familiar with science, technology or industry, believes in absolute self-sufficiency by 1980." The non-practicability of Project Independence and its penchant towards ideological rather than logical behavior demonstrates how a statist response works, as opposed to the rational, utility maximizing behavior on which both liberalism and Marxism are premised (Krasner 1978).

In that sense, the value of Project Independence would be less in achieving energy autarky and more in conveying to foes and allies that the Nixon Administration was willing to invest in a very costly national program so that it can maintain the autonomy of both its foreign policy and of the U.S. economy. Contrary to Vitalis' (2020) claim, it would then seem that Project Independence *was* the "political theatre," rather than the embargo. Since the lifting of the embargo was the start of the U.S.'s "special relationship" with Saudi Arabia, it is reasonable to conclude that the State Department calculated that securing energy supplies by selling war planes and capital goods to Saudi Arabia was cheaper and more useful to the U.S.'s balance of payments than a costly national energy self-sufficiency program.

[129] 'U.S. Energy Goals Are Still Far Off as Supplies Rise'; Edward Cowan; May 13, 1974; *The New York Times*; https://www.nytimes.com/1974/05/13/archives/us-energy-goals-are-still-far-off-as-supplies-rise.html?searchResultPosition=1

Chapter Ten: Dangers and Opportunities: The Geopoliticization of Oil

As was discussed in this research, the "energy crisis" of the early 1970s was not about a single event or a particular announcement. Yet, the oil embargo declaration of October 1973 looms large in retrospective accounts.

For most countries, ensuring energy security and uninterrupted oil supplies is a matter of national security and economic survival. However, for the U.S., long a major oil exporter, access to energy resources only rose to the status of a national security issue in the early 1970s. Indeed, by the late 1960s, not only had the U.S. become a net importer, but also the growth in demand for oil exceeded the growth in Gross Domestic Product (GDP), due to a shifting of energy resources away from coal towards oil. Simultaneously, there were new environmental standards such as the Clean Air Act of 1970 that accelerated the transition away from coal towards oil, when the regulatory environment in the U.S. was designed to deter oil imports which could have satisfied the U.S.'s increasing demand for oil.

As the U.S.'s demand for oil grew, oil producing countries and OPEC sought to assert their sovereignty over their natural resources, and to start setting production goals and prices instead of leaving this task to the multinational oil companies. In the case of the Arab petrostates, they were interested in extracting the most out of what they saw as an exhaustible resource, which meant getting the highest possible price for the least amount of extraction. Furthermore, they were unable to absorb the export revenues that they were generating. These circumstances made the embargo both politically and economically convenient: it was both a tool of political coercion and a way to raise prices and revenues without increasing production.

On October 14, 1973, just a few days before the start of the embargo, Secretary of State Kissinger asked the Deputy Secretary of Defense William Clements and the Deputy Director of the Energy Policy Office Charles DiBona about U.S. oil reserves in case of an embargo by the

Arab petrostates.[130] Neither one had a clear answer, demonstrating that the Nixon Administration had not yet developed the required knowledge or expertise.

Following the embargo, there were some in the Nixon Administration who advocated for a military response. For instance, on October 27, 1973, during a telephone conversation between White House Chief of Staff Alexander Haig and Secretary of State Henry Kissinger, Haig indicated that Secretary of Defense James Schlesinger had mentioned "putting troops in crucial states to get oil." Kissinger responded: "I do not think we can survive with these fellows in there at Defense – they are crazy."[131] It is reasonable to speculate that the recent Vietnam War and the suspicion that Saudi Arabia may have already mined the oil wells in anticipation of an attack mitigated against a military response by the Nixon Administration. In addition, a military response would likely have led to even higher oil prices.

The Geopoliticization of Oil

On March 10, 1972, Secretary of State William Rogers sent a "secret" memorandum to

[130] National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–117, Washington Special Action Group, WSAG Minutes (Originals) 7/27/72–9/20/73. Top Secret; Sensitive. The meeting occurred in the White House
Situation Room. Document # 214 in (Qaimmaqami and Keefer 2011)

[131] National Archives, Nixon Presidential Materials, NSC Files, Kissinger Telephone Conversation Transcripts, Box 23, Chronological Files. Document # 244 in (Qaimmaqami and Keefer 2011)

President Nixon titled “Petroleum Developments and the Impending Energy Crisis.”[132,133] The memorandum stated:

> Our conclusions to date are as clear as they are disturbing. Unless present trends are reversed, the United States by 1980 will be producing little more oil than it produces today while consumption will rise from 15.8 million barrels per day in 1971 to 24 million barrels per day in 1980. At that time we will be forced to import half our petroleum needs, largely from the Arab States, which contain at least two-thirds of the non-Communist world’s oil reserves.
>
> Our NATO [North Atlantic Treaty Organization] allies and Japan are in an even more precarious position. They are already heavily dependent on the Arabs for a large share of their total energy consumption. In 1980, by all accounts, this dependence will be still greater.
>
> […] While dependence on the Eastern Hemisphere for much of our energy is almost certainly bound to grow whatever we do, this dependence can be significantly

---

[132] Classification of national security documents started in 1951 with the issuance of President Truman’s Executive Order (EO) 10290. EO 10290 prescribed “regulations establishing minimum standards for the classification, transmission, and handling, by departments and agencies of the executive branch, of official information which requires safeguarding in the interest of the security of the United States.” It established four categories of classified security information which, in descending order of importance to national security, carry one of the following designations: "To Secret"; "Secret"; "Confidential"; and "Restricted". The latest revision to the classification system occurred with President Obama’s 2009 Executive Order (EO) 13526, Classified National Security Information, which prescribed the system for classifying, safeguarding, and declassifying national security information. EO 13526 states that national security information may be classified at one of the following three levels:

- Top Secret (TS) shall be applied to information, the unauthorized disclosure of which could reasonably be expected to cause exceptionally grave damage to the national security that the original classification authority is able to identify or describe.
- Secret (S) shall be applied to information, the unauthorized disclosure of which could reasonably be expected to cause serious damage to the national security that the original classification authority is able to identify or describe.
- Confidential (C) shall be applied to information, the unauthorized disclosure of which could reasonably be expected to cause damage to the national security that the original classification authority is able to identify or describe.

[133] Memorandum from Secretary of State William Rogers to President Nixon, March 10, 1972; NSC Institutional (“H”) Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

reduced if we move now to reverse production and consumption trends in the non-Communist world, particularly in the United States.

The memorandum mentioned ongoing efforts to work out energy agreements with Canada and Venezuela and to improve cooperation with allies for the development of both traditional and non-conventional energy forms. It recommended immediate action to counter the impending energy crisis.

A study was included with Secretary Rogers' memorandum, which argued for 1) reducing projected oil consumption; 2) increasing domestic oil production; 3) diversifying oil imports away from the Middle East; 4) diversifying to other forms of energy; and 5) encouraging needed changed with oil companies and Middle East governments. The study recognized that the interests of the U.S. government and of the oil companies may not be aligned but also acknowledged that the State Department counseled U.S. oil companies in Saudi Arabia "against intransigence" in favor of dialogue and compromise with the exporting countries. The study recommended a more balanced approach in lieu of an "overtly, exclusive pro-Israeli position." The study concluded by recognizing that the U.S. government will be pursuing sometime conflicting interests in oil matters, such as reducing dependence on Arab oil while simultaneously keeping oil prices down; and supporting the profitability of U.S. oil companies while simultaneously minimizing the pressure on the U.S. balance of payments. [134,135]

National Security Advisor Henry Kissinger, in an undated (most likely sent in June 1972) "secret" memorandum to President Nixon, objected to Secretary Rogers' and the State Department's recommendations, and indicated that they emphasized resolving the energy crisis through technical means while "overlooking the significant implications which the oil problem

[134] In 1972, the price of domestic oil exceeded that of Middle East oil, therefore maintaining low energy prices would have required increasing – rather than decreasing – the imports of Middle East oil.
[135] Increasing the imports of Middle East oil would have increased the profits of U.S. oil companies, while simultaneously creating a drain on the U.S. balance of payments due to higher imports.

has for U.S. foreign policy."[136] Dr. Kissinger recommended instead a "thorough review," arguing that there had been a:

> […] decisive shift in the balance of power from the oil companies and consuming countries and in favor of the producing states. […] This trend has fed on anti-western nationalism and the demonstrated vulnerability of foreign oil concessions in areas of political turmoil. Today, key Middle East states are able to play the companies (and the consumers) off against each other, where formerly it was the Arabs who could be so manipulated.

Kissinger added that "the growing financial reserves of Middle East producers have made oil a weapon for coercion or blackmail that we can no longer dismiss." According to Kissinger, the shift in power introduced a new factor in the Arab-Israel equation, "creating the potential for serious Arab pressure on the U.S. and our principal allies." Additionally, Kissinger warned that because Arab producers had newfound financial clout, they would be less resistant to Soviet and radical pressures to cut the flow of oil for political purposes.

Kissinger warned that the rising demand for oil would create tensions between the U.S. and its allies and worsen the U.S.'s balance of payment situation which in turn would endanger military deployments overseas and economic aid programs. Finally, Kissinger commented that the State Department's recommendation to expand U.S. production would lead to "draining America first." Along with his memorandum to President Nixon, Kissinger enclosed a letter[137] from Senator Henry M. Jackson, Democrat from Washington State, Chairman of the Committee on Interior and Insular Affairs (and presidential candidate in 1972 and 1976). As Senator Jackson was a political competitor to President Nixon with considerable clout in Congress, the inclusion of his letter in Kissinger's memorandum was possibly meant to incentivize President Nixon into

---

[136] Memorandum from Henry Kissinger and Peter Flanigan to President Nixon (undated); NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[137] Letter from Senator Henry M. Jackson to President Nixon, June 13, 1972; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

action. Senator Jackson, known for his pro-Israel and anti-Soviet stance, highlighted in his letter the nationalization of the Iraq Petroleum Company, the Soviet-Iraq economic and trade accord, and growing Soviet involvement and technical assistance to Middle East oil producing countries, which he viewed as detrimental to the "long-range interests of the U.S., Western Europe and Japan." Senator Jackson also pointed out that the responsibility for international energy policy was not clearly assigned to any specific Federal agency and requested that the National Security Council undertake an in-depth study and assessment of the national security, foreign policy and domestic energy policy of the U.S.'s growing dependence on imported crude oil from the Middle East. Senator Jackson concluded that he would announce a schedule of hearings on international oil policy, and that members of the Executive Branch would be required to testify and provide supporting materials.

Interestingly, Kissinger's warnings that Arab producers, because of their newfound financial clout, would be less resistant to Soviet and radical pressures to cut the flow of oil for political purposes, was contrary to the CIA's own assessment. A May 1973 CIA memorandum stated that:[138]

> The USSR's interest in extended economic relations with Western Europe and the US, as well as its recognition of the risk of confrontation with the US, make a Soviet attempt to interfere with international oil supplies highly unlikely.

The CIA's memorandum also suggested that "in the absence of renewed or imminent Arab-Israeli hostilities, a collective Arab embargo aimed at forcing the Great Powers to impose a settlement [to the Arab-Israeli conflict] is highly improbable."

By September 1973, the CIA was still unconvinced that an Arab-Israeli war or an all-Arab petrostate embargo on the U.S. were likely:[139]

---

[138] National Intelligence Analytical Memorandum NIAM 3–73; May 11, 1973; Central Intelligence Agency, National Intelligence Council Files, Job 79–R01012A, Box 448. Confidential. Document # 185 in (Qaimmaqami and Keefer 2011)

[139] Paper Prepared in the Office of Economic Research, Central Intelligence Agency; September 1973; Central Intelligence Agency, Office of Economic Research, Job 80–T01315A, Box 35. Confidential. Document # 206 in (Qaimmaqami and Keefer 2011)

> An all-Arab embargo of the US alone is extremely unlikely except in the context of a new Arab-Israeli war. Should such a war come about—an event which we do not expect during the next two or three years—the Arab states as a group would be much more likely than in the past to try to enforce an anti-US embargo.

On October 15, 1973, two days before Arab countries announced the oil supply reductions, and less than a week before Saudi Arabia announced a total embargo on the U.S., Secretary of State Kissinger remained unsure of Saudi Arabia's intentions. In a conversation with State, Defense, Joint Chiefs of Staff, CIA, National Security Council, and Special Assistant to the President for Energy (Governor John Love), he stated that:[140]

> We have had no indication up to now that they intend a cut-off. They have been extremely circumspect. They have never threatened an oil cut-off in any official channel. Officially, they have taken exactly the opposite tack.

Nonetheless, even though Kissinger and the CIA were both doubtful of the likelihood of an imminent embargo, the geopolitization of oil had begun.

In summary, NSC Advisor Kissinger's June 1972 memorandum to President Nixon started a chain of events that transformed the Administration's view of oil as a widely available domestic commodity that is highly regulated, to a foreign policy concern, a national security issue, and an instrument for shaping the U.S.'s relationship with oil producers and with its own allies. The assignment of the National Security Study Memorandum (NSSM - see following section) to the National Security Council meant a marginalization of the State Department's role, since the reason for conducting the NSSM was Kissinger's claim that the State Department was not capable of considering the foreign policy implications of oil. Once Kissinger became both NSC Advisor and Secretary of

[140] Minutes of Washington Special Actions Group Meeting; October 15, 1973; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–117; Top Secret; Document # 215 in (Qaimmaqami and Keefer 2011)

State in September 1973, he was able to act on his views of oil as a matter of competitive geopolitics.

National Security Study Memorandum 174

On March 8, 1973, in a memorandum to the Secretaries of State, Defense, and Treasury, and to the Director of Central Intelligence, then National Security Adviser Henry Kissinger communicated that President Nixon had ordered a study of the national security implications of world energy supply and distribution (National Security Study Memorandum (NSSM) 174).[141,142] The study would cover, up to 1985, the U.S.'s dependence on imported energy resources, including alternative means to reduce the effects of boycotts by producer nations. In addition, the study would consider U.S. unilateral action, and active government involvement in negotiations with OPEC. The memorandum ended with a warning of any "unauthorized leak" which could impact ongoing negotiations with OPEC countries. The executive summary of the study was submitted on August 14, 1973. It was classified as "confidential."[143] The sections below summarize the findings of the study.

Dependence on Imported Oil

The study acknowledged the increasing U.S. dependence on imported energy, especially oil. The study forecast that U.S. imports would rise from 4.6 MMB/D (million barrels per day), or about 29 percent of oil consumed, to 15.0 MMB/D in 1985, or 57 percent of oil consumed. Total world demand would also increase, nearly doubling within the next ten years, with Japan experiencing a fivefold increase by 1985. Saudi Arabia will become the key oil producer and

---

[141] Memorandum from Henry Kissinger, March 8, 1973; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[142] National Security Study Memoranda or NSSM are formal directives issued by the President or the Assistant to the President for National Security Affairs (Henry A. Kissinger) that commission studies of particular issues relating to U.S. national security and foreign policy. The Nixon Administration issued 206 National Security Study Memoranda or NSSM between 1969 and 1974. Often the memos instruct recipient agencies to address or to answer specific questions.

[143] Executive Summary: National Security and U.S. Energy Policy paper prepared in response to National Security Study Memorandum 174; August 14, 1973; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

would have to quadruple its oil output by 1985 to satisfy world demand.[144] The consuming nations' balance of payments will be strained, while producer countries will enjoy sharp increases in oil revenues. Finally, with increased ownership and marketing by producer governments, the international oil market structure will change, whereby the large multinational companies will become agents operating on behalf of producer governments.

Anticipatory Measures

The study recognized that as oil imports increased, the U.S. would become increasingly vulnerable to short-term supply interruptions, because, 1) imports will constitute an increasing share of total oil supplies; 2) a growing share of imports will come from the Middle East; and 3) many of the producers will have sufficient monetary reserves to be able to limit production for long periods of time without sacrificing current living standards. In addition, reductions in oil supplies could result from 1) a large scale non-nuclear war in which all Eastern Hemisphere oil is cut off; 2) a conflict between Middle East countries; and 3) a politically motivated decision to embargo oil shipments to the U.S. The impact of a cutoff in foreign oil on the Department of Defense (DOD) would be manageable, as DOD only required about 10 percent of U.S. domestic production, which could be met solely from domestic production.[145] In addition, DOD maintained limited pre-positioned stocks in overseas bases, which could sustain it for 25 to 65

---

[144] During Secretary of State Kissinger's discussions with Saudi Minister of Petroleum and Mineral Resources Ahmad Zaki Yamani on December 5, 1973, Kissinger made it clear that it was necessary for Saudi Arabia to increase its production rather than simply return to the September 1973 production levels. Secretary Kissinger understood that rising U.S. demand for oil required higher Saudi output, and that maintaining the pre-embargo levels of output would not be sufficient. Though he was in a position of weakness, he still argued for better conditions than the U.S. had prior to the embargo. Refer to: Memorandum of Conversation; Meeting with Saudi and Algerian Oil Ministers; December 5, 1973; Library of Congress, Manuscript Division, Kissinger Papers, Department of State 1968–1977, Box CL 342, MemCons External, Sep 73–Feb 74. Secret; Document # 263 in (Qaimmaqami and Keefer 2011)

[145] The assessment that the DOD's needs could be met from domestic sources turned out to be incorrect. Following the embargo, many of the refineries on which the DOD depended to meet nearly half of its supply needs either stopped or reduced their supplies. DoD supply sources located on Arab soil, principally Saudi Arabia and Bahrein, stopped suppling the U.S. fleet. Singapore stopped its supplies (to avoid being subjected to an oil embargo similar to that of the Netherlands). Other countries reduced their supplies (56% in Japan, 60% in Italy, 63% in FRG, 70% in UK, 76% in Greece, and 100% in Thailand and the Philippines). This meant that the 6th and 7th U.S. fleets were operationally handicapped. Source: Paper prepared in the Office of the Director, Installations and Logistics, Department of Defense; November 27, 1973; Washington National Records Center, OASD/IL Files: FRC 330–85–0035, Petroleum—Arab Oil Embargo 1973–74. Confidential. Document # 249 in (Qaimmaqami and Keefer 2011)

days. However, since U.S. allies would be far more impacted by a cutoff of imported oil, they might be unable to fulfill their treaty commitments, unless also supplied by the United States. Considering that the Soviet Union was self-sufficient in oil, it would gain in its relative power position vis-à-vis the U.S. and its allies. The study examined three contingencies that could result in supply interruptions: 1) an Arab oil cutoff similar to that which occurred in 1967 (this was deemed the worse contingency); 2) a cutoff of oil supplied by Iraq and Iran, perhaps resulting from a war between them; 3) and, a cutoff of all Saudi production, perhaps from the takeover of power by a radical government seeking to bring pressure on U.S. policies towards Israel. For each of those contingencies, the study assessed that the Japanese and the Europeans would suffer greater cuts in consumption than the U.S., and in the all-Arab cutoff (worst contingency), European and Japanese cuts in consumption would drop to an average 50 to 60 percent.

The study proposed two measures to deter or deal with a potential cutoff. The first was to surge U.S. domestic production above efficient economic rates and draw down existing stocks (the latter being deemed sufficient to allow the U.S. to "hold out" for more than a year). The study also proposed giving financial incentives to private companies to increase their oil stocks, in addition to various measures to reduce consumption (e.g., setting thermostats at lower temperatures during cold weather; substituting coal for oil and gas in industrial uses; establishing mandatory programs for petroleum allocation to major refiners, distributors and suppliers; and ultimately putting in place a rationing program). The second measure was to put in place import sharing plans with European allies and with Japan. However, since on a relative basis the U.S. imports a smaller fraction of its oil needs, the U.S. could end up as a net contributor to a sharing arrangement – unless the U.S. was the sole boycott target, or if the boycotting source (e.g., Saudi Arabia) was supplying most of the U.S.'s oil imports. The study pointed out that without U.S. participation, an import sharing agreement would not be effective, and thus the U.S. should obtain concessions in other areas from its allies, as the price for its participation in an import sharing scheme.

The emerging importance of Saudi Arabia

On a more strategic level, the study analyzed how the U.S.'s rising oil imports would affect its vulnerability to longer term shortfalls in supply. Here, the study was quick to point out that 1) Western Europe, and Japan in particular, were also vulnerable, and 2) while Saudi Arabia had ample reserves to quadruple its production by 1985, it would need to be incentivized to do so. Of course, the U.S. could mitigate the impact of a shortfall through conservation, additional domestic production, some rationing, and a lowering of environmental standards (for instance, allowing coal to replace oil in power generation). However, it was clear that the focus should be on ensuring a growing supply of oil from Saudi Arabia, through attending to Saudi Arabia's national security concerns and economic self-interests. The study considered strengthening cooperation with Saudi, including supplying its government with sophisticated U.S. weaponry and creating opportunities for Saudi Arabia to invest excess oil revenues in the U.S. or in national Saudi economic development. Such cooperation would be linked to agreements on future rates of production to meet U.S. and "non-communist world needs". The study warned that social changes, throughout the Middle East, resulting from the dramatic increase in oil revenues, could eventually result in political pressure on the existing regimes, leading to political turbulence and a more independent posture by these governments. However, the regimes' concerns about their own political futures should help keep them aligned with the West. Also, as if anticipating the 1973 embargo, the study considered how U.S. policy could discourage Arab producers in the Gulf from putting pressure on the U.S. to moderate its support of Israel. The study recommended showing "some movement on the Arab-Israeli problem", and enhancing the incentive of moderate Arab producers to continue cooperation with the U.S. Ultimately, U.S. policy should seek to prevent the radicalization of Saudi Arabia.

Contrary to claims made by later historians (Mitchell 2009; Vitalis 2020) that the U.S. could have replaced Middle Eastern Oil with oil from other sources, the study determined that that there were significant obstacles for diversifying oil imports (Page 35). The two principal suppliers, Venezuela and Canada, had decided to limit future exports to the United States. Venezuela announced that it had no interest to expand its production solely to meet U.S. needs, in addition to stating that its reserves were low. Canada, which anticipated high domestic needs, decided to give priority to its own requirements. So ultimately, the U.S. had no other option but Middle Eastern (and specifically Saudi Arabian) oil.

The study ended with a reiteration of the overall energy policy delineated by President Nixon in his April 18 and June 29, 1973 energy messages, namely:

> Increase domestic production of all forms of energy; act to conserve energy more effectively; strive to meet our energy needs at the lowest cost consistent with the protection of both our national security and our natural environment; reduce

excessive regulatory and administrative impediments which have delayed of prevented construction of energy-producing facilities; act in concert with other nations to conduct research in the energy field and to find ways to prevent serious shortages; and apply our best scientific and technological capacities – both public and private – so we can utilize our current energy resources more wisely and develop new sources and new forms of energy.

The Administration's Soviet Union Anxieties

This research argues that the Nixon Administration balanced between deterring the Soviet Union from expanding its influence in the Middle East with simultaneously waving the possible return of the Soviet Union to the Middle East (following President Sadat's expulsion of Soviet military advisors from Egypt in 1972) to maintain Arab petrostates and European allies within the U.S.'s sphere of influence.

As Kelanic (2020) argues, toward the end of the 1960s, British and French colonial power gradually collapsed in the Middle East and North Africa while Egypt and Syria developed into reliable Soviet client states, and pro-Soviet regimes emerged in Algeria, South Yemen, Libya, and Iraq. This development raised the Nixon Administration's concerns that the Soviet Union might be able to interrupt Middle Eastern oil supplies. In addition, without the "stabilizing" influence of allies such as Britain and France, Marxism and radical Arab Nationalism would be more likely to expand into the conservative oil-exporting monarchies traditionally aligned with the West. The implication, for the Nixon Administration, was that the U.S. should intensify its indirect control measures to counter the heightened Soviet threat to the Middle East, and more importantly, to the Middle East's oil resources.

The U.S.'s rising dependence on Middle East oil did create a vulnerability that both the media and the Nixon Administration recognized could be exploited by the Soviet Union. For instance, in a January 10, 1971 article in the *New York Times*, William Smith linked imported oil with national security, and identified the Soviet Union as the threat:[146]

> The growing importance of the Soviet Union in the Middle East continues to shake the State Department and the board rooms of the major oil companies. There appears to be little doubt that for the oil companies, as for the United States Government, dealings in the area will grow more difficult. Yet the consensus is that both will find their interests secure, barring direct American involvement in warfare with the Arabs. Another fear, and a more subtle one, is that the Soviet Union is in the early stages of practicing a form of petroleum blackmail that would isolate the United States as other countries realize that the energy they need is dependent on Russian goodwill.

By June 1972, National Security Advisor Kissinger wrote to President Nixon to warn that the Arab producers' newfound oil wealth meant that they would be less resistant to Soviet and radical pressures to cut the flow of oil for political purposes.[147] Kissinger's anxieties about the Soviet Union were shared by Senator Henry Jackson, Democrat from Washington State, who was known for his pro-Israel and anti-Soviet stance. Senator Jackson wrote to President Nixon to highlight that the nationalization of the Iraq Petroleum Company, the Soviet-Iraq economic and trade accord, and growing Soviet involvement and technical assistance to Middle East oil producing countries, were detrimental to the "long-range interests of the U.S., Western Europe and Japan."[148]

---

[146] 'Shortages of Energy Continue'; William D. Smith; January 10, 1971; *The New York Times*; https://www.nytimes.com/1971/01/10/archives/shortages-of-energy-continue.html?searchResultPosition=11

[147] Memorandum from Henry Kissinger and Peter Flanigan to President Nixon (undated, likely in June 1972); NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[148] Letter from Senator Henry M. Jackson to President Nixon, June 13, 1972; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Interestingly, Kissinger's warnings that Arab producers, because of their newfound financial clout, would be less resistant to Soviet and radical pressures to cut the flow of oil for political purposes, were initially contrary to the CIA's own assessment. A May 1973 CIA memorandum stated that:[149]

> The USSR's interest in extended economic relations with Western Europe and the US, as well as its recognition of the risk of confrontation with the US, make a Soviet attempt to interfere with international oil supplies highly unlikely.

Following the embargo, the CIA communicated that allowing Soviet involvement in bringing about a ceasefire would encourage Saudi Arabia to bring an end to the embargo. An October 25, 1973 memorandum stated that:[150]

> Paradoxically, our co-sponsorship with the Soviets of the cease-fire resolution—implying an acceptance of a legitimate Soviet role in the Middle East—may enhance the attractions that a resumption of good relations with the US has in the thinking of Arab leaders, again especially the conservative ones.

Anxieties about the Soviet Union rose again after the Nixon Administration realized that the oil embargo was having the desired effect of peeling Western Europe and Japan from the U.S., or even having them apply pressure on the Nixon Administration to bring about a ceasefire and a settlement to the Arab-Israeli conflict. The State Department feared that this would eventually lead to a change in Western alliances that could play into the hands of the Soviet Union.[151]

---

[149] National Intelligence Analytical Memorandum NIAM 3–73; May 11, 1973; Central Intelligence Agency, National Intelligence Council Files, Job 79–R01012A, Box 448. Confidential. Document # 185 in (Qaimmaqami and Keefer 2011)

[150] Memorandum Prepared in the Central Intelligence Agency; October 25, 1973; National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 129, Country Files, Middle East, Middle East. Secret; Sensitive. Document # 228 in (Qaimmaqami and Keefer 2011)

[151] Memorandum Prepared in the Office of Economic Research, Central Intelligence Agency; October 19, 1973; Central Intelligence Agency, Office of Economic Research, Job 80–T01315A, Box 36. Secret. Document # 223 in (Qaimmaqami and Keefer 2011)

In a November 2, 1973 memorandum from James H. Critchfield, Special Assistant to the Deputy Director of Operations, Central Intelligence Agency, to Director of Central Intelligence Colby, he stated:[152]

> If it [the embargo] goes on very long, Europe and Japan will be tempted to join the Arabs in a new relationship that excludes the US. The flaw in this policy for Europe, Japan and the Arabs is that with US influence out of the Middle East, they would not be left alone long to share their new relationship; the Soviets would be back.

In summary, the Nixon Administration's anxieties about the balance of power with the Soviet Union were tangible, but the Administration also recognized that waving the prospect of a Soviet return to the Middle East was a deterrence strategy that could be used to maintain Saudi Arabia and European allies within the U.S. sphere of influence.

Oil as Leverage with U.S. Allies

While the work on NSSM 174 was still underway, Philip A. Odeen, a member of the National Security Council, sent a "confidential" memorandum to Henry Kissinger explaining how the U.S. could gain diplomatic leverage from the on-going energy crisis.[153] The memorandum detailed how the U.S. could benefit from a coordinated approach on energy with allies. It identified three areas of cooperation: 1) emergency sharing schemes and coordinated stockpile arrangements; 2) cooperation in research and development; and 3) cooperation among consumer nations to provide a counter to the OPEC cartel. The memorandum identified that the U.S. had considerable economic and political influence with Iran and Saudi Arabia, two nations that were required to increase their oil production in order to meet world oil needs. It recognized that Saudi Arabia would need investment opportunities for their oil earnings, to entice them to produce oil rather than keep it in the ground. Additional U.S. leverage could be derived from the

[152] Memorandum From James H. Critchfield to Director of Central Intelligence Colby; November 2, 1973; Central Intelligence Agency, National Intelligence Council Files, Job 80–B01495R, Box 4. Secret. Document # 232 in (Qaimmaqami and Keefer 2011)

[153] Memorandum from Phil Odeen, National Security Council to Henry Kissinger; June 6, 1973; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

U.S.'s relative advantage in energy related technology, and from its ability to reduce its demand of foreign oil through either additional domestic production or substituting oil with other energy sources such as nuclear or coal. In addition, the study recognized that, because of U.S. domestic oil and access to Canadian and Venezuelan oil, the U.S. was less dependent on imported oil that Western Europe or Japan. Accordingly, the U.S. should expect concessions from its allies if it were to enter an oil sharing arrangement with Western Europe or with Japan.

Securing Steady Supplies of Oil

On October 5, 1973, just a few days before the start of the embargo, the National Security Council (NSC) submitted a memorandum to the Deputy Secretaries of State, Defense, Treasury, to the Director of Central Intelligence, and to the Chairman, Joint Chiefs of Staff, on oil supply arrangements, and alternative approaches for dealing with major producer and consumer countries.[154] The memorandum's objectives were to 1) ensure oil production is expanded to meet U.S. and allied needs; 2) enhance the reliability of future supplies; 3) keep oil prices as low as possible; 4) soften the strain on the balance of payments, resulting from increased U.S. oil imports; 5) use energy to the U.S.'s advantage in relation to other consumers, and when possible to make it a source of leverage in U.S. diplomatic policy; 6) contain any potential damage to relations with Japan and Western Europe as a result of disputes over oil; and 7) develop policies for managing the rapidly growing exchange of producing countries.

Even prior to the start of the embargo, and in alignment with the recommendations of NSSM 174, the memorandum showed that the NSC viewed oil not just as a national security challenge, but also as an opportunity to gain relative advantage relative to both allies and adversaries (as per the fifth listed objective).

The memorandum argued for an expanded U.S. government role in international oil markets in the future. This stance would be supported by 1) rapid growth of U.S. and allied

[154] Memorandum from Jeanne Davis, Staff Secretary, National Security Council, October 5, 1973; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

demand for Middle East oil; 2) oil companies' diminishing control over oil, caused by producer countries taking greater control of their own resources; 3) perceived asymmetry between oil companies and the sovereign producer governments; 4) rapid increase in oil prices; and 5) the growing power of producer states that will accompany their stronger financial position. The memorandum identified Iran and Saudi Arabia as the two key producer nations that will account for between 50 and 90 percent of the projected increase in oil production between 1973 and 1980. As such, the NSC determined that a fourfold increase in Saudi production was required, in addition to a doubling of Iranian production, to meet world needs in 1985. Again, as in the NSSM 174 executive summary, there were doubts about Saudi Arabia's willingness to quadruple its production. Accordingly, the strategy formulated in the memorandum revolved around three key areas: 1) develop multilateral measures to coordinate policies between the consumer nations and present a unified front to OPEC; 2) establish bilateral agreements with producing countries, particularly Saudi Arabia; and 3) take unilateral steps towards U.S. energy self-sufficiency.

Foreign Policy Objectives and the Interests of U.S. Oil Companies

I have argued that many of the decisions made by the Nixon Administration to deal with the energy crisis have been shaped by policy priorities: expanding and consolidating Executive Branch powers, reducing the regulatory role of government (including the relaxation of environmental regulations, many of which, such as the EPA, originated during the Nixon Administration), and increasing the share of private sector participation. These policy priorities were often made to seem not only compatible with, but also necessary for strengthening national security. This position is aligned with Krasner's (1978) perspective that denies that state actions can be reduced to societal needs, even very general ones like preserving the coherence of capitalist structures. Indeed, Krasner has argued that, as it pertains to raw materials, the national interest can be defined by order of importance as: 1) increasing competition; 2) ensuring security of supply; and 3) promoting broad foreign policy objectives.

The Nixon Administration's internal correspondence shows that it was weighing its interest in supporting the U.S. oil companies in their price and ownership negotiations with OPEC countries, while simultaneously safeguarding foreign policy objectives. Nevertheless, internal correspondence demonstrates that foreign policy objectives held a higher priority. For instance, a February 1971 internal memorandum to National Security Advisor Kissinger from

Fred Bergsten, at the height of the acrimonious negotiations between Arab OPEC countries and the oil companies, stated:[155]

> This same consideration—who gets the blame for the almost inevitable outcome [referring to higher oil prices]—makes clear why it is even more important now for the U.S. Government to stand aside from the issue as much as possible, particularly the substance of the negotiations. The producing countries are going to get what they want. The consuming countries are going to be hosed. The companies are going to stay in the middle and try to come out as cleanly as possible.
>
> As a Government we could only lose with at least two sets of the actors, and possibly all three, if we were to take sides or try to moderate a settlement at this late and emotional date. And any U.S. Government involvement at this delicate stage might easily affect our Arab/Israeli efforts adversely, since it would so clearly label us as pro company and thus conjure up new images of American imperialism.

It is worth noting that the State Department was far more interested in supporting the negotiations, as demonstrated by State Under Secretary John Irwin's trips to the Gulf region.

As Assistant to the President for National Security Affairs, Henry Kissinger did not hide his disdain for the oil companies. In a recorded conversation with Governor Love, Director of the Energy Office, he stated:[156]

> I've become convinced that the oil companies are politically irresponsible and, in fact, idiots. They are concerned only with profits, to get along with the producer-countries and they, therefore, pass along price increases. A couple of years ago, for example, I got myself into a very difficult position by agreeing to go to bat for them during some of their negotiations with the oil producer countries. After I intervened

---

[155] 'Memorandum From C. Fred Bergsten of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger); February 1, 1971; National Archives, Nixon Presidential Materials, NSC Files, Box 367, Subject Files, Oil 1971; Document #84 in (Qaimmaqami and Keefer 2011)

[156] Memorandum of Conversation; August 10, 1973; National Archives, Nixon Presidential Materials, NSC Files, Box 251, Agency Files, National Energy Office, Vol. III. Top Secret; Sensitive; Exclusively Eyes Only. Document # 191 in (Qaimmaqami and Keefer 2011)

> in their support, the companies cut me out of the negotiation and gave in quickly. They only got peanuts from the negotiations—a few percentage points on price. The overriding concern then as now is not to rock the boat, to maintain their access to oil at almost any price. The overriding concern of the USG [U.S. Government] in its dealings with Saudi Arabia must be to prevent its fall to the control of another [Libyan President] Quadaffi. We must prevent Saudi Arabia from becoming radicalized for surely then our oil interests would be in jeopardy.

Kissinger's opinions about the oil companies did not change after he became Secretary of State. In an October 18, 1973 staff meeting, one day after Arab countries announced the supply reduction, and just a few days before the full embargo on the U.S., he stated:[157]

> But the oil companies are political idiots […] I've never seen such a group. I'd like to be able to get them in here—say, in three or four weeks. My experience with the oil companies—which was only two enterprises with [Egyptian President] Sadat—was entirely tactical, entirely short range, and they have no understanding of what they're getting themselves into—even at an intermediate period of time—and then they start flapping when things get bad because they have no sense of the framework. They were storming the White House all last week that we were ruining our relations with Saudi Arabia, and the opposite has been true. […] What I think we ought to do here, in about three or four weeks, when this crisis is over, is to get the leading oil companies in here and tell them our political strategy, so that they have a sense of knowing what we're doing and they can figure out what role they should be playing. I don't know what it is, but it's ridiculous that these companies have so much power that they can hurt our foreign policy in Europe.

---

[157] Minutes of the Secretary of State's Staff Meeting; October 18, 1973; National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Box 720, Secretary's Staff Meetings 9/73–10/73. Secret. Document # 220 in (Qaimmaqami and Keefer 2011)

Secretary Kissinger also expressed these same thoughts directly to the oil companies. For instance, in an October 26, 1973 meeting with the chairmen of Exxon, Gulf, Mobil, Texaco and others, held at the State Department, he stated that:[158]

> Some comments I have seen made by oil company executives are an unmitigated disaster. It is bad enough to seek to curry favor with the oil states but when this undermines our diplomatic efforts it is intolerable.

Shaping the Future Relationship with Saudi Arabia

There is a wide speculation that Saudi Arabia's special relationship with the U.S. dates to the meeting between the Saudi king Ibn Saud and President Roosevelt aboard the USS Quincy on February 14, 1945. According to this speculation, the oil for security deal, whereby Saudi Arabia would guarantee access to Saudi oil in exchange for U.S. military commitment to Saudi Arabia's defense, was struck during that meeting. However, as Kelanic (2020) discussed, there is no evidence that the discussion between the two leaders extended beyond mutual expressions of friendship and support.

I argue instead that the special relationship between the U.S. and Saudi Arabia started following the embargo, that the Nixon Administration's policies towards Saudi Arabia were shaped by the embargo, and that these policies endure to this day. A March 1, 1974 National Security Council document drew the main guidelines of the relationship.[159] The guidelines are based on a recognition that because the U.S. was less dependent on Saudi oil than Europe, a future relationship could be based on mutual interest, rather than on a need to have Saudi Arabia commit to long term oil supply contracts, as the Europeans were doing. The document identified four areas of cooperation. First, the U.S. would help the Saudis decide which oil prices would best serve their long-term interests and the interests of the U.S. companies working in Saudi

[158] Memorandum of Conversation; October 26, 1973; National Archives; Nixon Presidential Materials; NSC Files, Box 1027, Presidential/HAK Memcons, April–Nov 1973. Secret; Document # 230 in (Qaimmaqami and Keefer 2011)

[159] Telegram From the President's Deputy Assistant for National Security Affairs (Scowcroft) and Charles A. Cooper of the National Security Council Staff to Secretary of State Kissinger in Damascus; March 1, 1974; Library of Congress, Manuscript Division, Kissinger Papers, Box CL 207, Geopolitical Files, Saudi Arabia, Feb 7–Feb 28, 74. Secret; Sensitive. Document # 330 in (Qaimmaqami and Keefer 2011)

Arabia. Second, the U.S. would offer experts through the U.S. Agency for International Development to provide technical assistance in most development fields, from agriculture and health to petrochemicals. Third, the U.S. would facilitate the investment of Saudi funds in the U.S., including guidance on Saudi investments in the U.S. private sector. Saudi investments in the U.S. would generate revenues for Saudi while supporting the U.S.'s balance of payments position. Fourth, the U.S. would expand its military supply and training programs in Saudi Arabia and would agree to long-term supply contracts and to Saudi participation in the cost of research and development of new weapons that are of interest to Saudi Arabia. The NSC document also recommended working out a special deal for Saudi oil to have a place in the U.S. market, despite the self-sufficiency promised by Project Independence.

Providing military and technical assistance in addition to an investment destination for Saudi oil revenues is no longer part of the political debate in the U.S., so it is easy to forget that these changes happened because of the embargo.

Those proposals were conveyed by Secretary Kissinger to King Faisal on March 2, 1974 during a meeting in Riyadh, and he accepted them.[160]

> Secretary Kissinger: We will pursue our policy of bringing peace in the area, and simultaneously we are prepared to strengthen our relations with the Kingdom of Saudi Arabia.
>
> King Faisal: We hope and pray to God that as soon as possible He grants success to this endeavor looking toward that goal.
>
> Secretary Kissinger: Indeed we are prepared to begin talking about long-term cooperation in the military field, in the economic field, and in the scientific field, in each of which we would be prepared for substantial cooperation with His Majesty when he thought the time appropriate.

---

[160] Memorandum of Conversation; Riyadh, March 2, 1974; National Archives, Nixon Presidential Materials, NSC Files, Box 1028, Presidential/HAK Memcons, Memcons, 1 Mar–8 May 74. Secret; Sensitive; Document # 332 in (Qaimmaqami and Keefer 2011)

King Faisal: We are fully prepared to move along this path with all our capability.

During that same meeting in Riyadh, Secretary Kissinger also indicated that “we are prepared to coordinate our foreign policy with His Majesty in the Arab world”, which was also accepted by King Faisal. Following these assurances, Secretary Kissinger asked for a quick lifting of the embargo, to which King Faisal replied that it would be lifted once the disengagement on the Syrian-Israeli front had been completed.

Once the embargo was lifted, the U.S. did maintain its strong relationship with Saudi Arabia. A secret memorandum produced by the NSC in June 1974 best captured the benefit to the U.S. of a strong relationship with Saudi Arabia:[161]

> If Saudi oil and investment policies were to be carried out with evident concern for their effects on the world economy, and this responsible behavior were seen to flow in major part from the establishment of a close political relationship between the U.S. and Saudi Arabia, the U.S. role in the world would be greatly enhanced. Other nations are obsessed with their relative vulnerability to oil market developments and the possibility that when all is said and done the U.S. will go it alone. Anything we can do to show that as a result of our influence the economic threat to other countries has been diminished would restore confidence that in economic affairs, as in security affairs, partnership with the U.S. was the only productive course.

One of the advantages of the special relationship is that it addressed the Nixon Administration’s concerns about the rising influence of the Soviet Union in the Middle East. By binding Saudi Arabia to the United States, the Nixon Administration not only secured the flow of oil to the U.S. and to its allies, but also reduced the Soviet Union’s ability to interrupt future supplies from the Middle East.

[161] Memorandum From the President’s Deputy Assistant for International Economic Affairs (Cooper) and Harold H. Saunders of the National Security Council Staff to Secretary of State Kissinger; June 5, 1974; National Archives, Nixon Presidential Materials, NSC Files, Box 631, Country Files, Middle East, Saudi Arabia, Vol. 6. Secret. Document # 353 in (Qaimmaqami and Keefer 2011)

Conclusion

I have argued that the geopolitization of oil started in June 1972, when then National Security Advisor Kissinger wrote to President Nixon to object to the State Department's position on the energy crisis, and to argue instead that oil had acquired a foreign policy dimension because of the U.S.'s growing dependence on Middle East oil. NSSM 174, which was prepared by the National Security Council, confirmed that in the eventuality of an oil embargo Europe and Japan would fare worse than the U.S – unless the U.S. was the sole boycott target. The study was clear in identifying how the U.S. could benefit from a potential oil cutoff. It recognized that an import sharing agreement with its allies would not be effective without U.S. participation, and thus the U.S. should obtain concessions as the price for its participation.

The study's key contribution was that it identified the criticality of Saudi Arabia for ensuring steady global oil supplies. The challenge was in convincing Saudi Arabia to quadruple its oil production when it did not require the revenues to satisfy its own development needs, and when – because of rising oil prices – it would benefit more by keeping its oil in the ground. The study considered strengthening cooperation with Saudi, including supplying its government with sophisticated U.S. weaponry and creating opportunities for Saudi Arabia to invest excess oil revenues in the U.S. or in national Saudi economic development. These recommendations were implemented by the Nixon Administration after the embargo was lifted.

Throughout the embargo, the Nixon Administration balanced between deterring the Soviet Union from expanding its influence in the Middle East with simultaneously waving the possible return of the Soviet Union to the Middle East to maintain Arab petrostates and European allies within the U.S.'s sphere of influence. Even though the Administration understood that the revenues of the mostly American oil multinationals would support the U.S.'s balance of payments against the drain that a higher oil import bill was causing, the Administration's internal communications revealed that foreign policy objectives held a higher priority than supporting the interests of these companies.

I have argued that the embargo was the moment when the weaponization of oil confirmed the National Security Council's position that oil had become geopoliticized and capable of being used as a tool to influence U.S. foreign policy but also for the U.S. to gain leverage against its own allies. The embargo transformed oil from a highly regulated but widely available domestic commodity to a matter of national security and competitive geopolitics. This transformation meant greater attention to the Middle East region by successive Administrations, in what Morrissey(2017a) has described as “necessary military interventionism in the name of securing the global economy”.

The next chapter discusses how the Nixon Administration used the embargo to securitize the energy crisis.

Chapter Eleven: Energy Crisis Securitization Takes Off

From 1971 until his resignation on August 8, 1974, President Nixon was the first in U.S. history to issue statements and messages entirely focused on energy. A review of his energy related addresses shows that he discussed energy-related challenges, but did not use the term 'energy crisis' until his November 25, 1973 nationwide radio and television address. Nonetheless, his speeches, as demonstrated by his seminal November 7, 1973 speech which announced Project Independence, did provide a coherent narrative and action plan that served to mobilize the nation.

The way a message is conveyed, and who conveys it, has a significant bearing on its acceptance and potential for becoming a securitizing speech act. In the U.S., Krebs (2015) specifically highlights the unique reach and impact of the president. As the elected holder of the highest office with access to classified information and command over the military, the president's influence is significant. And during the 1970s, with relatively few alternative media outlets and no social media, the President is the nation's chief storyteller, with the means to inject narrative order into seemingly messy situations. In this, Krebs is in agreement with Balzacq's (2011) sociological approach which argues that securitization is better understood as a "pragmatic" process that occurs within a configuration of circumstances including context, the psycho-cultural disposition of the audience, and the power of the speaker and listener. The securitizing actor – in our case President Nixon, the Nixon Administration, and several members of Congress – built "a coherent network of implications (feelings, sensations, thoughts, and intuitions), about the critical vulnerability […] by investing the referent subject with such an aura of unprecedented threatening complexion that a customized policy must be undertaken immediately to block its development."

This chapter discusses how the embargo was the trigger for the Nixon Administration to securitize the energy crisis.

Never Let a Good Crisis Go to Waste

On October 16, 1973, one day before Arab countries announced the reductions in supply, a meeting with State, Defense, Joint Chiefs of Staff, CIA, National Security Council, and Special Assistant to the President for Energy (Governor John Love), revealed the thinking of top Nixon Administration officials.[162] Expecting that an embargo was imminent, it was essential for the Administration to get the public and Congress to back the measures that President Nixon was planning to announce. During the meeting, Governor Love, Special Assistant to the President for Energy, stated:

> If any of this is going to work, we have to create the feeling that there is a real problem—a crisis. The President has to take the lead and he and some of the rest of us have to take some actions to lead the way. We are proposing a Presidential speech. [referring to what became President Nixon's November 7th speech]

To encourage cooperation with the proposed measures to deal with oil shortages, Secretary Kissinger stated:

> On rationing, I lean more toward not biting the bullet in the first speech. But he should use the crisis and say we must work all-out so that we never get ourselves in this position again.

He later added:

> Let's draft a speech. Let's use this crisis creatively—use it to say "never again."

The reaction to the oil embargo was swift. On October 17, 1973, once the supply cut-off was announced, Governor John Love, Director of the Energy Policy Office, gave a statement to the Investigating Subcommittee of the House Committee on Armed Services.[163] Indicating that the U.S. required 17 MMB/D of petroleum, while the Department of Defense in peacetime required about 700,000 barrels per day, Governor Love proposed that the Elk Hills Reserve (Naval

---

[162] Minutes of Washington Special Actions Group Meeting; October 16, 1973; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–117, Washington Special Action Group; Top Secret; Document # 217 in (Qaimmaqami and Keefer 2011)

[163] Statement of the Honorable John A. Love, Director of the Energy Policy Office, Before the Investigating Subcommittee of the House Committee on Armed Services; October 17, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office; John A. Love, Director; Box 3; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Petroleum Reserve No.1) should be opened for domestic usage.[164] He argued that while defense was an important part of national security, economic strength – and accordingly access to energy resources – was also necessary for a strong defense.

Surprisingly, these discussions were taking place when several top officials were unconvinced that the Arab petrostates would enforce the cut-off. On October 17, 1973, Secretary of State Kissinger stated:[165]

> We don't expect an oil cut-off now in the light of the discussions with the Arab Foreign Ministers this morning.[166] What is the temperature of the oil companies? Did you see the Saudi Foreign Minister come out like a good little boy and say they had had very fruitful talks with us?

Nonetheless, even though Kissinger was not expecting a cut-off, he believed that the crisis presented a unique opportunity to carry out several of the Administration's pre-embargo proposals. Addressing Governor Love, he stated:

> I think the President should send a message to the Congress. He should point out that this situation has brought home our vulnerability and that we can't stay in this position. He should press for urgent action on the things that are before the Congress now, plus some other things.

[164] The Elk Hills field in California was one of the federal government's largest oil properties. One of the largest of the Federal properties. Initially intended to serve as a contingency source of fuel for the military, it was opened for production in 1976 and became the largest (in terms of production) oil and natural gas field in the lower 48 states. While managed by the Department of Energy, Elk Hills generated over $17 billion in profits for the U.S. Treasury. In 1996, Congress determined that Elk Hills no longer served its national defense purpose and as a result the government's share of the Elk Hills field was old on February 5, 1998, to Occidental Petroleum Corporation for $3.65 billion. Source: DOE website, https://www.energy.gov/ceser/naval-petroleum-reserves. Retrieved on October 16, 2024.

[165] Minutes of Washington Special Actions Group Meeting (WSAG); October 17, 1973; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–117, Top Secret; Sensitive; Document # 219 in (Qaimmaqami and Keefer 2011). Present in the meeting were the heads of State, DOD, Joint Chiefs of Staff, CIA, NSC, and the Assistant to the President for Energy Policy (Governor John Love)

[166] Nixon and Kissinger met with the Foreign Ministers of Saudi Arabia, Kuwait, Morocco, and Algeria on October 17 to discuss Middle East issues. They did not discuss oil.

Following the start of U.S. arms shipments to Israel, the cutoff turned into full-blown oil embargo specifically targeting the U.S. Accordingly, on October 27, 1973, Governor John Love, Director of the Energy Policy Office, sent a memorandum to President Nixon entitled "U.S. Domestic Response to Arab Oil Boycott".[167] The memorandum contained several dire warnings: "factory closings, unavailability of gasoline and possibly cold homes depending upon our success in administering an allocation program and upon implementation of other strong measures", adding that "considerable public fear and indignation, cries of industry conspiracy and government ineptitude, and possibly real hardships, appear imminent." Addressing President Nixon, Governor Love stated: "You do not have sufficient authority to implement the contingency measures necessary to offset the curtailments." He then stated that his office had developed strong legislation for "broad Presidential authority, including environmental override."

While never in disagreement about the need for broader Presidential authority, the Council on Environmental Quality within the Executive Office of the President did however object to many of Governor Love's recommendations. John A. Busterud, the Acting Chairman of the Council on Environmental Quality wrote to Bruce Kehrli, White House Staff Secretary on October 29, 1973 to disagree with Governor Love's proposal to force oil-fired power plants to convert from residual oil back to coal, for environmental reasons.[168] He also disagreed with Governor Love's recommendations against imposing a gasoline tax, arguing that such a tax would have a "beneficial long run effect on gasoline consumption by accelerating the current consumer movement to smaller cars."

---

[167] U.S. Domestic Response to Arab Oil Boycott, memorandum from John A. Love to President Nixon; October 27, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office; John Schaefer, Staff Assistant; Subject Files; Box 35; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[168] Memorandum from John A. Busterud, Acting Chairman of the Council on Environmental Quality to Bruce Kehrli, White House Staff Secretary; October 29, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office; John Schefer, Staff Assistant; Subject Files; Box 35; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Nixon Administration's Assessment of the Embargo's Impacts

On November 7th, 1973, the Director of the Energy Policy Office, John A. Love, and his Deputy, Charles J. DiBona, gave a press conference in the East Room of the White House.[169] In his opening remarks, Governor Love recognized that prior to the oil embargo, the main energy problem was to provide sufficient heating oil during the winter.[170] The shortfall – which he estimated at around 600,000 barrels a day, could have been imported from European refineries. However, the 1973 Arab-Israeli war and the ensuring embargo worsened the situation, causing a shortage of petroleum, crude, and crude products of 2 – 3 MMB/D. Governor Love then enumerated a few measures that the administration intended to announce – reduction of airline flights, lowering thermostats, conversion from oil to coal, reduction of highway speeds – and indicated that additional measures could be contemplated to bring demand in line with available supply. Asked if the Administration waited too long before acting – for instance, passing an energy emergency act and the mandatory allocation program during the summer of 1973. Mr. Love responded that the Administration did not foresee the Middle East war nor the embargo – which was inaccurate, given multiple CIA warnings that he and other in the Nixon Administration had reviewed.

On November 21, 1973, the Office of Energy Data & Analysis at the Department of Interior released a report entitled "The Impact of Oil Interruptions on U.S. Energy Usage".[171] The report warned that the oil shortages would have significant social and economic effects. It estimated that demand for petroleum products would average 18.6 MMB/D (million barrels per day) during the fourth quarter of 1973, of which only 11.4 MMB/D would come from the refining or processing of domestic crude petroleum and natural gas liquids, while the remainder should be

---

[169] Press Conference of John A. Love, Director, Federal Energy Office, East Room, White House, November 7, 1973; Nixon Presidential Materials Project; President's Personal File; Raymond K. Price Speech File; Legislative Message, 9/10/93 to SOTU—1974—Background—Classified; Box 102; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[170] John Love was the Governor of Colorado prior to being appointed by President Nixon as Director of the Federal Energy Office on July 16, 1973

[171] The Impact of Oil Interruptions on U.S. Energy Usage, Office of Energy Data & Analysis, Department of the Interior; November 21, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, John F. Schaefer, Staff Assistant, Subject Files; Box 35; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

provided by imports.[172] Since in 1973 petroleum accounted for almost half of the total energy used in the U.S., the report estimated that a 15 percent reduction in the availability of petroleum would reduce U.S. energy supply by 7 percent. Some economic sectors, such as transportation which relies almost exclusively on petroleum and cannot substitute it, would be impacted more severely than other sectors. Rapid inventory reductions would address near-term shortages, but in the long term the report warned that major shifts in supply, fuel substitutions and reductions in demand were required. In addition, the report was explicit in that the government should identify priority economic sectors and ensure that they receive adequate petroleum allocations. In particular, the report estimated that residual oil (used by power plants for electricity generation) faced a 24 percent net shortage with minimal current inventories, which would require curtailing demand for electricity while switching power utilities to coal when possible. The report also indicated that a 20 percent reduction in total airline consumption was required to absorb the shortage of jet fuel.

President Nixon Addresses the Nation

During January 1974, President Nixon addressed the American public and Congress to provide his Administration's assessment of the crisis and to urge for both public support and legislative action. During his January 19, 1974 radio address, he asked "all Americans to accept some sacrifices in comfort and convenience so that no American would have to suffer real hardship."[173] The use of radio as his means of communication ensured a wider public reach, and had resonance with Franklin D. Roosevelt's "Fireside Chats", which were meant to mobilize support for the Roosevelt Administration's policies, and reassure Americans that their government was looking out for them. Nixon reassured his audience that he would not allow oil companies to profit from the higher oil prices:

---

[172] The main difference between oil and petroleum is that petroleum is a broad term that includes crude oil and petroleum products, while oil is a naturally occurring liquid that is extracted from the earth and refined into petroleum products

[173] 'Radio Address About the National Energy Crisis'; Richard Nixon; January 19, 1974; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/radio-address-about-the-national-energy-crisis

> I assure you that I shall not allow the American people to be the victims of a "snow job" in a crisis which affects the jobs, the comfort, and the very way of life of millions of Americans. […] I have also directed that an immediate review be made of the international tax structure to ensure that American companies which are developing energy resources abroad are not permitted to avail themselves of special tax advantages abroad. I have also ordered a review of other tax laws affecting companies that produce energy.

Notably, he indicated that the country was now facing an existential threat:

> The shortages are genuine, they may become more severe, and they are potentially, therefore, dangerous. […] But regardless of the success we have in increasing petroleum imports and in stabilizing prices through diplomatic means, we must continue to move forward toward achieving a capacity for self-sufficiency in energy right here at home.

He reiterated the Administration's commitment to Project Independence and to committing more funds to energy research and development. The timing of the Radio address, just a few days before he addressed Congress, was not coincidental. Nixon was seeking public support to pressure a Democratic Congress to act on his legislative proposals.

Following up on his radio address, President Nixon sent on January 23, 1974 a Special Message to Congress reiterating his previous requests for legislative action and adding a few more requests. Notably, the energy crisis was now at the top of the administration's political agenda:[174]

> No single legislative area is more critical or more challenging to us as a people, however, than the subject of this first message to the Congress: The energy crisis. It is because of its importance and because of the urgent need for action that I have

[174] 'Special Message to the Congress on the Energy Crisis'; Richard Nixon; January 23, 1974; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/special-message-the-congress-the-energy-crisis

> chosen to break tradition, outlining to the Congress my legislative requests in energy before delivering my State of the Union Address.

President Nixon urged Congress to act on his legislative proposals. To meet the short-term emergency, his proposals included a relaxation of Clean Air Act requirements for power plants and automotive emissions, a windfall profits tax on oil companies, unemployment insurance to help those who lose their jobs because of the energy crisis, and the establishment of a Federal Energy Administration. For achieving the long-range goal of achieving self-sufficiency in energy his proposals included market pricing of new natural gas, temporary oil production from the Elk Hills Naval Petroleum Reserve in California, surface mining of coal, new deepwater port facilities offshore, amending the tax laws regarding drilling investments, greater mineral leasing on Federal lands, and setting up the Department of Energy and Natural Resources.

He also added new proposals that included the elimination of the depletion allowances for foreign oil and gas production (to incentivize oil companies to conduct oil exploration and development in the U.S., rather than in foreign countries), faster licensing and construction of nuclear facilities, product labeling for energy efficiency, and streamlining the site selection process for energy facilities.

The State Department's Position

Mobilizing U.S. allies against the embargo was considered essential by the State Department. In an October 13, 1973 confidential memorandum from Charles A. Cooper, NSC Staff member, to Secretary of State Kissinger, just a few days before the embargo was announced, he suggested that the U.S. should start negotiating on an urgent basis a joint public statement with major European countries, in addition to Japan and Canada, that there was mutual agreement that no country or countries should suffer a disproportionate hardship as a result of the disruption of Middle Eastern oil supplies.[175] The statement was intended to deter Arab cutbacks by indicating that consuming countries were united and working together. But effectively, the memorandum

[175] Memorandum from Charles A. Cooper, National Security Council staff to Secretary of State Henry Kissinger, October 13, 1973. NSC Files, NSC Institutional Files (H-Files), Box H–92, Washington Special Action Group Meetings, WSAG Meeting Middle East. Richard Nixon Presidential Library and Museum, Yorba Linda, CA

acknowledged that a nondiscriminatory 20 percent cutback in deliveries of Middle East oil would reduce European consumption by 14 percent, Japanese consumption by 8 percent, and U.S. consumption by only 1.8 percent - in other words, the U.S. would be far less affected. However, Mr. Cooper also indicated that the U.S., Europe and Japan should be willing to accept the principle of "equal hardship", whereby cooperation is needed in order to preserve mutual relations, and because the U.S. would fare worse under a discriminatory Arab cutback and Europe and Japan would fare worse under a non-discriminatory cutback.

However, following the embargo, when it was clear that the embargo specifically targeted the U.S., Mr. Cooper changed his position. On November 3rd, 1973, he sent a "secret" memorandum to Secretary Kissinger arguing that an early reversal of the embargo was not essential, because while it "will cause serious economic difficulties, the problems that arise will not be so serious that they cannot be tolerated."[176] Mr. Cooper argued that it was difficult for all the Arab nations to enforce their cutback and embargo policies, and that even if the embargo were sustained and enforced with full effectiveness, the U.S. would still be able to get through the winter of 1973-1974. Referring to measures that were to be announced the following week – conservation, higher domestic production, drawing down of stocks and imports from non-Arab sources – Mr. Cooper noted that as time passes adjustments would be more effective and the economic consequences of the embargo less serious. The refusal to accept the legitimacy of a link between the Arab oil embargo and U.S. Middle East policies was viewed by Mr. Cooper as a "matter of principle". Even more, he argued that the embargo should be treated as an illegitimate economic act and that Saudi Arabia should be informed that the U.S. could consider economic countermeasures against it. Finally, Mr. Cooper argued that, as a "face saving way out", Saudi Arabia could avoid production cutbacks to the Federal Republic of Germany and to Japan, while the U.S. embargo is fully continued.

[176] Memorandum from Charles A. Cooper to Secretary Kissinger, November 3, 1973; National Security Council Subject Files; Earth Resources Program to [Energy Crisis – part 3]; Box 321; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Energy Emergency Action Group

The Energy Emergency Action Group, formed by President Nixon on November 12, 1973, held its first meeting on November 15, 1973, chaired by Governor John Love, and attended by Roy Ash (Director of the Office of Management and Budget), Rogers Morton (Secretary of the Interior), Mel Laird (White House Domestic Affairs Advisor), George Schultz (Treasury Secretary), and Gen. Brent Scowcroft (Deputy National Security Advisor).[177] While the first meeting was an agenda and priority setting meeting, the next EEAG meeting, held on November 19, 1973, had proposals for dealing with the oil shortfall, such as reducing jet fuel consumption, enactment of gasoline conservation measures, enactment of middle distillate (used for home and commercial heating) conservation measures, and a proposal to switch oil burning utilities to coal.[178] By November 21, 1973, the EEAG was able to make concrete recommendations to President Nixon, and to receive his approval on all of them.[179] These included the activation of the national defense Executive Reserve, a 15 percent reduction of jet fuel below 1972 consumption for civil aviation, temporary diversion of power from Atomic Energy Commission uranium enrichment facilities, agreement to sign into law the Mandatory Allocation Act passed by Congress, and reducing speed limits on highways.

The CIA's Position on Ending the Embargo

An important dilemma for the Nixon Administration was how to react after realizing that the oil embargo was having the desired effect of peeling Western Europe and Japan from the U.S., or even having them apply pressure on the Nixon Administration to bring about a ceasefire and a settlement to the Arab-Israeli conflict. The State Department feared that this would eventually

[177] John A. Love, Memorandum for the President, First Meeting of Energy Emergency Action Group (EEAG); November 15, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Charles DiBona Subject Files; Box 24; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[178] John A. Love, Memorandum for the President, Meeting of Energy Emergency Action Group (EEAG); November 19, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Charles DiBona Subject Files; Box 24; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[179] John A. Love, Memorandum for the President, Meeting of Energy Emergency Action Group (EEAG); November 21, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Charles DiBona Subject Files; Box 24; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

lead to a change in Western alliances that could play into the hands of the Soviet Union. This concern was expressed in the CIA's memorandum of October 19, 1973, which indicated that:[180]

> The Saudis have informed representatives of the major West European nations that they will be expected to pressure the United States. They have also suggested to the Japanese that they make a statement before the UN General Assembly to the effect that Japan desires an early settlement to the war and that it supports the Arab position.

Remarkably, the CIA believed that allowing Soviet involvement in bringing about a ceasefire would encourage Saudi Arabia to bring an end to the embargo. An October 25, 1973 memorandum stated that:[181]

> Paradoxically, our co-sponsorship with the Soviets of the cease-fire resolution—implying an acceptance of a legitimate Soviet role in the Middle East—may enhance the attractions that a resumption of good relations with the US has in the thinking of Arab leaders, again especially the conservative ones. In [Saudi Arabia] King Faysal's mind, the evils of Zionism are equaled only by the dangers of Communism. To the extent that the present situation in the area appears to be bringing gains for Soviet influence, the Saudi leadership, and to some lesser but still significant degree the leadership of virtually all the Arab states, will be concerned that US influence be preserved as a balancing element. For example, the Saudis probably greeted with some relief the US refusal to join the Soviets in placing a truce force in Egypt. While the Saudis of course want the cease-fire enforced, they will not want it done in a way that brings back a Soviet presence of the sort that they had thought removed in July 1972.[182]

---

[180] Memorandum Prepared in the Office of Economic Research, Central Intelligence Agency; October 19, 1973; Central Intelligence Agency, Office of Economic Research, Job 80–T01315A, Box 36. Secret. Document # 223 in (Qaimmaqami and Keefer 2011)
[181] Memorandum Prepared in the Central Intelligence Agency; October 25, 1973; National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 129, Country Files, Middle East, Middle East. Secret; Sensitive. Document # 228 in (Qaimmaqami and Keefer 2011)
[182] This refers to President Sadat of Egypt's expulsion of Soviet military advisors from Egypt on July 18, 1972.

The CIA argued that Saudi Arabia's fear of the return of Soviet military personnel to the Middle East region would reinforce its interest in maintaining good relations with the U.S. The memorandum argued that for the U.S. to pressure Israel to enforce the ceasefire and to be seen as working for an equitable solution to the Arab-Israeli problem would lead Saudi Arabia and other Arab countries to conclude that the embargo was working, and therefore should be kept in place. Alternatively, if the U.S. had declared that it would take no part in the negotiations between Israel and the Arabs countries until the embargo was halted would be construed by Saudi Arabia as reason to strengthen the embargo. Accordingly, waving the prospect of a Soviet return to the Middle East was a deterrence strategy that the CIA believed could be used against both Saudi Arabia and against Europe and Japan to maintain them within the U.S. sphere of influence.

However, in its internal communications, the CIA's leadership seemed unsure how to bring about a diplomatic solution that would simultaneously safeguard the U.S.'s relationship with Europe and bring a quick end to the embargo. In a November 2, 1973 memorandum from James H. Critchfield, Special Assistant to the Deputy Director of Operations, Central Intelligence Agency, to Director of Central Intelligence Colby, he stated:[183]

> If the EC [European Community] nations initiate an internal EC sharing arrangement, the Arab producers will almost certainly react against those who attempt to cut across the lines of the Arab selective embargoes. At some point, the Europeans will probably decide that they must act together to seek their peace with the Arabs. Thus, the prospects for additional strains between the US and Europe appear to be growing. If it [the embargo] goes on very long, Europe and Japan will be tempted to join the Arabs in a new relationship that excludes the US. The flaw in this policy for Europe, Japan and the Arabs is that with US influence out of the Middle East, they would not be left alone long to share their new relationship; the Soviets would be back.

[183] Memorandum From James H. Critchfield to Director of Central Intelligence Colby; November 2, 1973; Central Intelligence Agency, National Intelligence Council Files, Job 80–B01495R, Box 4. Secret. Document # 232 in (Qaimmaqami and Keefer 2011)

The CIA's concern about Europe and Japan drifting towards a more overtly supportive position of the Arab countries was shared by the State Department. In a November 3, 1973 memorandum from Under Secretary of State for Economic Affairs William Casey to Secretary Kissinger he indicated that the "The disarray of the Europeans and the general scramble to appease the Arabs and take care of themselves has made the oil weapon successful more than anything else."[184]

Who were the Arab petrostates leading the embargo? A November 23rd, 1973 "secret" Central Intelligence Agency (CIA) paper identified Kuwait and Saudi Arabia, which account for about 60 percent of Arab oil exports, as the "pacesetters" in the present cutbacks and embargo, while Iraq, Algeria and Libya had been less enthusiastic about the use of oil as a weapon.[185] Non-Arab producing countries – Iran, Venezuela, Indonesia, Nigeria – continued to export at planned levels, and while unable to increase output in the short term, were unwilling to sacrifice income to support Arab petrostate countries. In addition, the Arab petrostates leading the embargo knew that oil installations can be destroyed before being captured thus frustrating the objectives of a military response to the embargo. The CIA paper indicated that Arab producers would not push the embargo so far as to invite retaliation. On the other hand, should Israel make substantial gains in the 1973 war, then the embargo could possibly worsen, and Saudi Arabia would be less concerned about maintaining good relations with the U.S., since the latter would be held responsible for failing to restrain Israel.

For the long term, the paper argued that the oil business had radically changed. Noting that the Arabs petrostates had "for the first time in modern history, acted from a position of strength and employed oil as a weapon", it recognized that the major oil companies had lost control over pricing of crude oil and much of their ability to make production decisions. The intent of the oil

---

[184] Memorandum From the Under Secretary of State for Economic Affairs (Casey) to Secretary of State Kissinger; November 3, 1973; National Archives, RG 56, Records of Secretary of the Treasury George P. Shultz 1971–74, Box 7, GPS Secretary of State C–1974. Document # 235 in (Qaimmaqami and Keefer 2011)

[185] Central Intelligence Agency paper "Using Oil as a Weapon: Implications and Prospects for the Arab Oil Producing States", November 23, 1973; National Security Council Subject Files; Earth Resources Program to [Energy Crisis – part 3]; Box 321; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

cutbacks on West European countries, Canada and Japan, according to the paper, was to intensify tensions between them and the U.S., until the U.S. shifted its position on the terms of an acceptable Middle East settlement. However, the paper estimated several months before the consuming countries were badly hurt, and therefore the unity between the U.S. and its allies were not in any jeopardy, at least in the near term.

While the CIA's assessment recognized that the Arab petrostates were for the first time acting from a position of strength, it still downplayed the embargo's impact on U.S. allies. Surprisingly, this was at odds with Secretary of State Kissinger's position, who on November 20, 1973, in a meeting with oil company executives, expressed to them his concern that the Europeans might yield to the Arab petrostates' demands.[186] Despite this seeming discrepancy with the CIA's assessment, Kissinger's views ultimately shaped the Administration's foreign policy and its stance towards the Arab-Israeli conflict.

Securitization With a Positive Spin

Following the embargo period, the Nixon Administration messaged the public that the embargo happened at just the right time. On October 19, 1973, while reporting on the impacts of the declared cut-offs, a CIA memorandum indicated that:[187]

> From the point of view of United States vulnerability, it is perhaps fortunate that this particular crisis occurred now rather than a few years hence. It had been predicted that we would be importing nearly 5 million barrels per day of Arab oil or 21%–22% of our consumption by 1980. With this level of exports an Arab cutoff would severely affect our economy. Even now there are domestic as well as foreign pressures for policy changes as a result of the current cutoff. In any event, the rapid increase in the price of imported oil should dampen our consumption and make

[186] Memorandum of Conversation; November 20, 1973; Meeting with Oil Company Executives; National Archives, Nixon Presidential Materials, NSC Files, Box 1027, Presidential/HAK MemCons, Memcons, April–Nov 1973. Confidential. Document # 243 in (Qaimmaqami and Keefer 2011)

[187] Memorandum Prepared in the Office of Economic Research, Central Intelligence Agency; October 19, 1973; Central Intelligence Agency, Office of Economic Research, Job 80–T01315A, Box 36. Secret. Document # 223 in (Qaimmaqami and Keefer 2011)

other domestic energy sources more attractive, for example oil from Colorado shales and coal gasification.

Later, on December 11, 1973, John Sawhill, Deputy Director of the Federal Energy Office, testifying before Congress' Joint Economic Committee indicated that while the Administration had been warning about the crisis since the President's 1971 energy message to Congress, it was "fortunate" that the U.S. began changing its consumption patterns in 1973, rather than 10 years hence, when the cutoffs would have hurt far more (given the increasing proportion of oil imports in total oil consumption).[188] Following the lifting of the embargo, William E. Simon, Federal Energy Office Administrator, testifying on April 9, 1974, before the House of Representatives' Legal and Monetary Affairs Subcommittee of the Committee on Government Operations referred to the embargo as a "blessing in disguise", and that it "came at precisely the right time.[189] A few years earlier and we would have dismissed it as an unimportant inconvenience. A few years later and its impact would have been too large for any Federal program to avoid or alleviate."

Conclusion

President Nixon's energy addresses demonstrate a gradual but significant change in position. Initially rejecting that there was an energy crisis (April 18, 1973 statement), his position was that the U.S. demand for energy had grown to the point of exceeding available supplies, and that measures were being taken to redress the imbalance. Following the embargo, he emphasized the dangers of energy dependence, and launched Project Independence, an initiative to achieve energy self-sufficiency, which he compared to the Apollo and Manhattan projects.

The evolution of President Nixon's statements aligns with Balzacq's (2011) conceptualization of securitization. The pre-embargo period – with demand exceeding supplies,

[188] Statement of John C. Sawhill, Deputy Director of the Federal Energy Office Before the Joint Economic Committee; December 11, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA
[189] Statement of William E. Simon, Federal Energy Office Administrator before the House of Representatives' Legal and Monetary Affairs Subcommittee of the Committee on Government Operations; April 9, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Box 136; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

and the era of cheap energy coming to an end – predisposed the public to view cheap energy as a threatened resource. The various energy crisis narratives were instances of temporally constructed engagements by actors from different backgrounds who interactively and dynamically responded to a changing historical situation. The public, or "empowering audience", to use Balzacq's term, had a direct causal connection with the issue, since they depended on plentiful gasoline and heating oil supplies. President Nixon, as the "securitizing actor", was able to take measures to address the threat. Once the embargo started, it was not difficult for President Nixon to raise the availability of energy supplies to the level of existential threat. The securitization of the energy crisis succeeded because the pre-embargo shortages predisposed the audience to accept the securitizing discourse.

President Nixon's speeches were the essential discourses that advanced the policies that he wanted Congress to enact. However, President Nixon and his Administration were not the only securitizing actors. For instance, there were others in Congress, among them Sen. Henry Jackson, who – even prior to the embargo – viewed oil dependence as a national vulnerability and a tool for foreign actors to influence US foreign policies, and particularly the U.S.'s relationship with Israel. The policy tools that were instituted following the embargo were both regulatory tools (e.g., conservation measure, requiring power plants to switch from oil back to coal), and capacity tools (e.g., Federal Energy Office, various energy committees).

The roots of the securitization of the energy crisis extend to 1970, starting with equating the oil import quotas program to a national security program, to rising concerns about dependence on Arab oil in Secretary Rogers' 1972 memorandum to President Nixon, to Henry Kissinger's 1972 letter to President Nixon linking oil imports to U.S. foreign policy, to NSSM 174 in 1973 identifying oil as a source of vulnerability for the U.S., to the State Department in 1973 advancing the idea that U.S. allies' greater dependence on Arab petrostate oil would provide the U.S. with leverage over them, to the CIA's November 1973 paper which recognized that oil had become a potent weapon in the hands of Arab petrostate countries. In short, by the end of 1973 the Administration's coercive vulnerability concern due to the U.S.'s dependence on oil imports from what the Administration deemed to be unreliable sources was fully confirmed.

There were some in the Administration – for instance Secretary of State Rogers – who advised that the Administration should follow a more balanced approach towards the Arab-Israeli conflict. Secretary Kissinger, first as Special Assistant to the President on National

Security, and then as both Secretary of State and Special Assistant on National Security, disagreed. He viewed that any attempt to influence U.S. foreign policy should be rejected on principle, and while recognizing that an oil embargo against the U.S. was likely, wrote to King Faisal of Saudi Arabia on October 14, 1973 to inform him that "the United States "had no alternative" but to begin an airlift of supplies to Israel following the Soviet "massive airlift of arms" to Arab states.[190] He added, "I hope, Your Majesty, you will understand that our airlift is not intended as anti-Arab." He assured King Faisal that "as soon as an effective ceasefire has been achieved, we are prepared to stop our airlift promptly provided the Soviets do the same." An October 25, 1973 memorandum by the CIA confirmed his thinking:[191]

> The US is already identified [in the Arab world] as Israel's second; the question in Arab minds will be what else is the US prepared to be? Indeed, initial evidence that the US is moving in their [Arab countries'] favor may well lead them to turn some of the screws a little harder in some cases—their strategy will seem to be working.

On August 8, 1974 President Nixon delivered his last energy related statement before he resigned, and, fittingly for a last statement he announced:[192]

> The energy crisis in America has passed, but the energy challenge is as great as ever. Our goal must be to develop the capacity for self-sufficiency in energy, and to achieve this goal we must continue our efforts to both expand energy supplies and conserve energy.

What is remarkable in this statement is that he announced that the energy crisis had passed, but that the goal of his Administration – and many administrations after his, as discussed

---

[190] Document # 216 in (Qaimmaqami and Keefer 2011)

[191] Memorandum Prepared in the Central Intelligence Agency; October 25, 1973; National Archives, Nixon Presidential Materials, NSC Files, Kissinger Office Files, Box 129, Country Files, Middle East, Middle East. Secret; Sensitive. Document # 228 in (Qaimmaqami and Keefer 2011)

[192] 'Statement About Energy Conservation Efforts by the Federal Government and the Business Community'; Richard Nixon; July 2, 1974; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/statement-about-energy-conservation-efforts-the-federal-government-and-the-business

by Grossman (2021) – was to reach a vaguely defined state of energy self-sufficiency. In other words, the crisis had passed, but the securitization of the energy crisis would endure for many more decades.

In the next chapter, I will examine how the embargo created a "window of opportunity" (Kingdon 1984) for the creation of new policies and governmental entities. This window of opportunity would not have been possible without the securitization of the energy crisis.

Chapter Twelve: New Policies and Institutions

In *Political Theology*, Carl Schmitt (1985) stated that crisis is "more interesting than the rule" because "it confirms not only the rule but also its existence, which derives only from the exception."[193] As for who decides that an exception is at hand, Schmitt gives the answer in the first sentence of *Political Theology*: "Sovereign is he who decides on the exception." The sovereign also decides on what must be done to eliminate the exception and when a normal state of affairs has been regained. Schmitt suggests that emergency government represents an attempt to recapture the authentic condition of modern statehood, while questioning the normative desirability as well as practical viability of restraining executive discretion by normal legal means.

The Nixon Administration's response to the embargo did not extend to extra-legal measures, though an attack against Saudi Arabia was contemplated. Nonetheless, several subsequent events do illustrate Schmitt's arguments. For instance, the Mandatory Oil Allocation program, which is an economically intrusive program implemented within a political system that professes free market capitalism, was legally enacted within the rules and procedures of a liberal democracy with checks and balances. The Nixon Administration's push for expanding and consolidating Executive Branch powers and reducing the regulatory role of government (including the relaxation of environmental regulations, many of which, such as the EPA, originated during the Nixon Administration) had all been proposed prior to the embargo, but had not gained any traction. The embargo was a unique opportunity to move the Administration's proposals forward, and to put in place policies and organizational entities that aligned with its political leanings.

The following sections discuss how the Administration used the embargo to implement many of its pre-embargo policies.

---

[193] In her foreword to the 1985 edition of *Political Theology*, Tracy B. Strong gives a powerful illustration to this concept: "It is important to realize that one can only have an exception if one has a rule. […] If, as director of the program I say "I am going to make an exception in your case and let you go on the exchange program to France despite the fact that you did not have the required grade point average," I am affirming both the rule and the fact that the rule is a human creation and hence does not control us automatically. I am also making a judgment that in this case, at this time, the good of all concerned indicates the need for this exception (and thus that I am not taking a bribe).

Consolidating and Expanding Presidential Authority

Executive Order 11490 'Assigning emergency preparedness functions to Federal departments and agencies', signed on October 28, 1969, was the first step in consolidating and expanding presidential powers for dealing with national emergencies.[194] It mandated that federal departments and agencies prepare plans for emergency situations, including "overall civilian manpower mobilization programs" and other related emergency measures. The order assigned specific emergency preparedness functions to each federal agency to contribute to national security readiness. The order outlined the civilian emergency planning responsibilities of various government departments, complementing the military preparedness plans of the Department of Defense. The Office of Emergency Preparedness, which was set up in 1968 within the President's Executive Office, was assigned as the entity overseeing overall preparations:

> The Director of the Office of Emergency Preparedness, in accordance with the provisions of Executive Order No. 11051 of September 27, 1962, shall advise and assist the President in determining national preparedness goals and policies for the performance of functions under this order and in coordinating the performance of such functions with the total national preparedness program.

In essence, the order gave the President an overview into all the national defense and civilian preparedness programs.

On October 16, 1970, John Ehrlichman, then White House Domestic Affairs Advisor, sent a memorandum to Walter Hickel, Secretary of the Interior, indicating that President Nixon had decided to reassign the responsibility of responding to possible domestic fuel shortages to the Office of Emergency Preparedness, rather than to the Department of the Interior.[195] The transfer of responsibility from the Department of Interior to the Office of Emergency

---

[194] Executive Order 11490 'Assigning emergency preparedness functions to Federal departments and agencies'; Signed October 28, 1969; Published October 30, 1969; FR Citation: 34 FR 17567; *Federal Register*; https://www.federalregister.gov/executive-order/11490

[195] Memorandum from John D. Ehrlichman to Water J. Hickel, Secretary of the Interior; October 19, 1970; Nixon Presidential Materials Project; White House Central Files; Staff Member and Office Files; John Whitaker; Box 54; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Preparedness (OEP) demonstrated that the Nixon Administration viewed energy shortages as a political priority that could affect President Nixon's reelection efforts, besides also being a national security and economic priority.

The trend towards increasing centralization of power within the White House and the rejection of market interventionism were consistent throughout the energy crisis. For instance, during the debates on the Energy Emergency Act, it was clear that the Administration's objections were directed at any proposals that would diminish either the President's Authority or the free functioning of the market. In a February 14, 1974 memorandum to President Nixon from Roy Ash, Director of the Office of Management and Budget, pointed out several claimed weaknesses in the proposed Energy Emergency Act.[196] Director Ash objected to the "price rollback" provision in the Act which would have rolled back the price of domestic crude while also establishing mandatory price controls on all sales of domestic crude and refined petroleum products. In addition, he noted that the proposed Act would; a) create an independent agency, the "Federal Energy Emergency Administration", to which would be transferred the authorities enjoyed by the President under the Emergency Petroleum Allocation Act and the Economic Stabilization Act; b) provide a congressional veto authority on conservation measures to reduce energy consumption; c) force the Administration to allocate supplies and materials that would be necessary to alleviate shortages in petrochemical feedstocks (and thereby limiting the role of the free market); d) provide unemployment assistance to individuals who attribute their unemployment to the energy situation; and e) provide low interest loans to homeowners and small businesses to finance insulation, storm windows and heating units. Director Ash recommended to President Nixon that he veto the proposed Energy Emergency Act, which he did on March 6, 1974.

[196] Memorandum from Roy Ash, OMB Director to President Nixon; February 14, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); William E. Timmons; Series I: Subject Files 1973 – 1974; Box 33; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Veto of the Energy Emergency Act

In his communication on the veto of the Energy Emergency Bill, President Nixon demonstrated his preference for greater consolidation within the Executive Branch and for reducing the government's regulatory reach.[197,198] His veto of the Energy Emergency Act on March 6, 1974 was blamed on Congress for having only succeeded in producing legislation "which solves none of the problems, threatens to undo the progress we have already made, and creates a host of new problems." The main thrust of President Nixon's objections was his belief that the proposed legislation would place energy price setting in the hands of government, instead of allowing the free functioning of the market. The Act would "set domestic crude oil prices at such low levels that the oil industry would be unable to sustain present production of petroleum products, including gasoline." He argued that the pricing proposed by the Act would reduce supplies, make rationing more likely, require a bureaucracy of as many as 17,000 people, and deter private sector investments in the oil industry. President Nixon also objected to the Act's provisions that would provide unemployment benefits to workers who lost their employment due to the energy crisis, and to the legislation requiring the Department of Housing and Urban Development and the Small Business Administration to make low interest loans to homeowners and small businesses to finance insulation, storm windows and heating units. Instead, President Nixon requested Congressional authority to require conservation measures, and to ration if and when gasoline rationing becomes necessary.

Blaming some in Congress for seeking political gains during a time of crisis, he stated:

> Unfortunately, there are some who have chosen to capitalize on the Nation's energy problems in an effort to obtain purely political benefits. Regrettably, the few who

---

[197] 'Veto of the Energy Emergency Bill'; Richard Nixon; March 6, 1974; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/veto-the-energy-emergency-bill

[198] Message from President Nixon to the U.S. Senate; Press Release, Office of the White House Press Secretary; March 6, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); Glen R. Schleede – Fairbanks Subject Files; Box 50; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

are so motivated have managed to produce the delays, confusion, and finally the tangled and ineffective result which is before me today. […]

We need the authority to require energy conservation measures. We need the direct authority to ration gasoline if, and only if, rationing becomes necessary, which it has not. We need the authority to require conversion of power plants, where possible, to permit the use of our abundant coal reserves. We need a well-connected Federal Energy Administration capable of managing national energy programs and not the woefully inadequate Federal Energy Emergency Administration mandated in S. 2589.

At the end of his message, he reiterated the various pieces of legislation that he proposed in his Special Message of January 23, 1974 to Congress, including the need for a Department of Energy and Natural Resources.

President Nixon's decision to veto the proposed Energy Emergency Act had already been communicated by William Simon, serving then as both Deputy Secretary of the Treasury and as Administrator of the Federal Energy Office, in a January 20, 1974 letter to John Rhodes, Republican Congressman for Arizona.[199] While he objected to many of the provisions of the Energy Emergency Act, he did indicate that there was an acute need for mandatory reporting from industry about levels of oil inventories. He had already highlighted the need for legislation on energy reporting in his testimony to the Congressional Joint Economic Committee on January 14, 1974.[200] In his testimony, he indicated that new legislation on energy reporting was required to allow the tailoring of sanctions and enforcement provisions. He also requested an expansion of mandatory reporting to other energy sources, such as coal and uranium.

[199] Letter from William Simon, Deputy Secretary of the Treasury to John Rhodes; February 20, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); William E. Timmons; Series I: Subject Files 1973 – 1974; Box 34; Richard Nixon Presidential Library and Museum, Yorba Linda, CA
[200] William Simon, Deputy Secretary of the Treasury, Federal Energy Office Administrator Testimony to Joint Economic Committee; January 14, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); William E. Timmons; Series I: Subject Files 1973 – 1974; Box 32; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Protecting the Free Market and Limiting Government

The Nixon Administration did not shy away from turning down additional Presidential authority proposed by Congress when it meant government intervention into the free functioning of the market. For instance, on June 23, 1973, Charles DiBona, then Special Assistant to the President for Energy, and later Deputy Director of the newly established Energy Policy Office headed by Governor John Love, wrote to Gen. Alexander Haig, the President's Chief of Staff, warning of Senator Henry Jackson's proposed Senate Bill S.1570.[201] The bill provided Presidential authority to allocate fuels, and mandated Federal involvement in the preservation of the oil and oil products industry, including ensuring that every gas station had adequate supplies of fuel. DiBona's letter illustrated how the Nixon Administration, which often sought to expand its own authority, drew the line when the new authority entailed excessive regulations and inordinate involvement by the government in the functioning of markets. Mr. DiBona's recommendation emphasized that the Executive Branch should not support or promulgate any mandatory allocation programs. The preferred option, according to Mr. DiBona, would be to eliminate government controls and permit the free operation of market forces. However, acknowledging that Congress would not accept such measures, his second-best option was a voluntary allocation program that could be strengthened and relabeled as mandatory.

The push for expanding and consolidating Executive Branch powers, reducing the regulatory role of government (including the relaxation of environmental controls) and increasing the share of private sector participation, under the claimed objective of ensuring national security, is evident in the February 11, 1974 Project Independence staff paper produced by the Office of Policy Analysis and Evaluation at the Federal Energy Office.[202] The paper proposed achieving President Nixon's pledge to reach U.S. energy self-sufficiency by 1980 by stepping up the rate of growth in U.S. energy production to 4.7 percent per year, and by cutting back the rate of growth

[201] Memorandum from Charles DiBona to Gen. Alexander Haig; June 23, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, John F. Schaefer, Staff Assistant, Subject Files; Box 53; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[202] Project Independence Staff Paper by the Office of Policy Analysis and Evaluation, Federal Energy Office; February 11, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); Glen R. Schleede Subject Files; Box 50; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

in demand from 3.6 to 2 percent per year. The plan entailed an expansion in coal, oil, nuclear power, and natural gas production. To accomplish these objectives, the paper called for, among other things, the creation of a central energy organization (alluding to President Nixon's 1971 proposal for a Department of Natural Resources), decontrol of all energy prices, expansion in the leasing of mineral rights on federal lands and waters, and a five-year relaxation of secondary sulfur emission standards applicable to electric utilities.

Following the lifting of the embargo, William E. Simon, Federal Energy Office Administrator testified on April 9, 1974, before the House of Representatives' Legal and Monetary Affairs Subcommittee of the Committee on Government Operations.[203] In general, his view on the impacts of the embargo were generally more positive than the views expressed in the Office of Energy Data & Analysis report. Acknowledging that past energy policies were faulty – for instance, excessive dependence on imported oil at the expense of domestic coal; a federal oil import program that stymied new refinery construction; natural gas price regulations which stymied supply – Mr. Simon indicated that government actions following the embargo succeeded in mitigating its negative impacts. In addition, the government resisted the pressure to ration energy products, which would have resulted in a 17,000 person bureaucracy and $1.5 Billion a year cost. The fuel allocation program ensured that the shortages and supplies were shared equally, while energy conservation programs (such as lowering thermostats during winter) reduced demand. Long term, he highlighted the FEO's commitment to delivering Project Independence, which would ensure the U.S.'s self-sufficiency in energy. He concluded his statement with:

> In many ways the Arab embargo was a blessing in disguise. It crystallized a concern for energy problems which was desperately needed. The embargo came at precisely the right time. A few years earlier and we would have dismissed it as an unimportant inconvenience. A few years later and its impact would have

[203] Statement of William E. Simon, Federal Energy Office Administrator before the House of Representatives' Legal and Monetary Affairs Subcommittee of the Committee on Government Operations; April 9, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Box 136; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

> been too large for any Federal program to avoid or alleviate. It came at a time when the seriousness of the energy problem was a matter of debate - - and it made us realize that it's a fact not a question. It also came at a time when demand was spiraling and our programs to increase supply were either stalled or non-existent. We now have, I am certain, the national commitment needed to move towards energy self-sufficiency.

Placing the Blame on Congress

The Administration's position regarding the worsening shortages caused by the embargo was to place the blame on Congress for not having acted on the legislative proposals put forward by the Administration prior to embargo. President Nixon had indeed made several legislative energy proposals starting from his June 4, 1971 Special Message to Congress until his September 8, 1973 Remarks About the Nation's Energy Policy. On December 11, 1973, John Sawhill, Deputy Director of the Federal Energy Office, testified before Congress' Joint Economic Committee. In his statement he indicated that:[204]

> As late as 1967 this country could produce all of the oil and gas required by the domestic market and there was a substantial excess of production capability and refinery capacity. In half a decade the combination of constant or declining production and stagnation in refinery growth, contrasted with rapidly escalating demands for gas and oil, have totally reversed this picture. The oil companies and numbers of other experts saw this coming, but their warnings generally went unheeded or were dismissed as merely self-serving.

Mr. Sawhill pointed out that because supply was inadequate to meet demand, the Administration had started allocating natural gas, propane, middle distillates (e.g. diesel fuel and home heating oil). He noted that the Administration had started warning about the crisis since the President's 1971 energy message to Congress, which – according to Sawhill – outlined the

[204] Statement of John C. Sawhill, Deputy Director of the Federal Energy Office Before the Joint Economic Committee; December 11, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

problem and gave the outlines of the policy necessary to provide solutions. He also pointed out the four energy legislative proposals submitted in 1972 by the Administration to Congress, in addition to the 1973 legislative proposals on deepwater port facilities, natural gas supplies, and reorganization of energy activities in the Executive Branch. Having explained that the energy situation was precarious prior to the embargo, Mr. Sawhill urged Congress to act on the Administration's legislative proposals. To explain why the embargo will have significant impact, he stated that of the 17.5 MM barrels consumed daily, 2 to 3 million would be lost due to the cutoffs. Furthermore, because peak annual demand occured in the early months of each year, he estimated that the shortage would peak at 3.5 MMB/D during the first quarter of 1974. While the shortage could reach 17 percent of projected petroleum demand, it would be worse in certain fuels – for instance, the shortage in residual fuels, used in industrial power generation, could reach 25 percent of projected demand. Complicating matters, the geographic distribution of the shortages is not uniform, as certain areas of the U.S. are more dependent than others on imported oil, and some economic sectors, such as transportation, are more dependent on liquid petroleum. Adding a positive spin, Sawhill noted that the U.S. depended on imports for only one third of its petroleum consumption, compared to Japan, which imported 90 percent of its petroleum. In addition, he noted that it was "fortunate" that the U.S. began changing its consumption patterns in 1973, rather than 10 years hence, when the cutoffs would have hurt far more (given the increasing proportion of oil imports in total oil consumption). Mr. Sawhill's recommendations were in line with the broad outlines of Project Independence, announced by President Nixon during his November 7, 1973 address: increased domestic extraction through traditional methods but also through extracting shale oil; increased reliance on coal; geothermal energy; nuclear power; solar power; and $10 billion into energy research and development over the next 5 years.

Pre-Embargo Energy Reorganization Proposals Get a New Life

The embargo was an opportunity for the Nixon Administration to push forward many of the energy management reorganization proposals put forward prior to the embargo. ***Figure 17*** shows the various pre-embargo institutions that were proposed or established from 1971 until the start of the embargo.

Figure 17 - Pre-Embargo Institutions

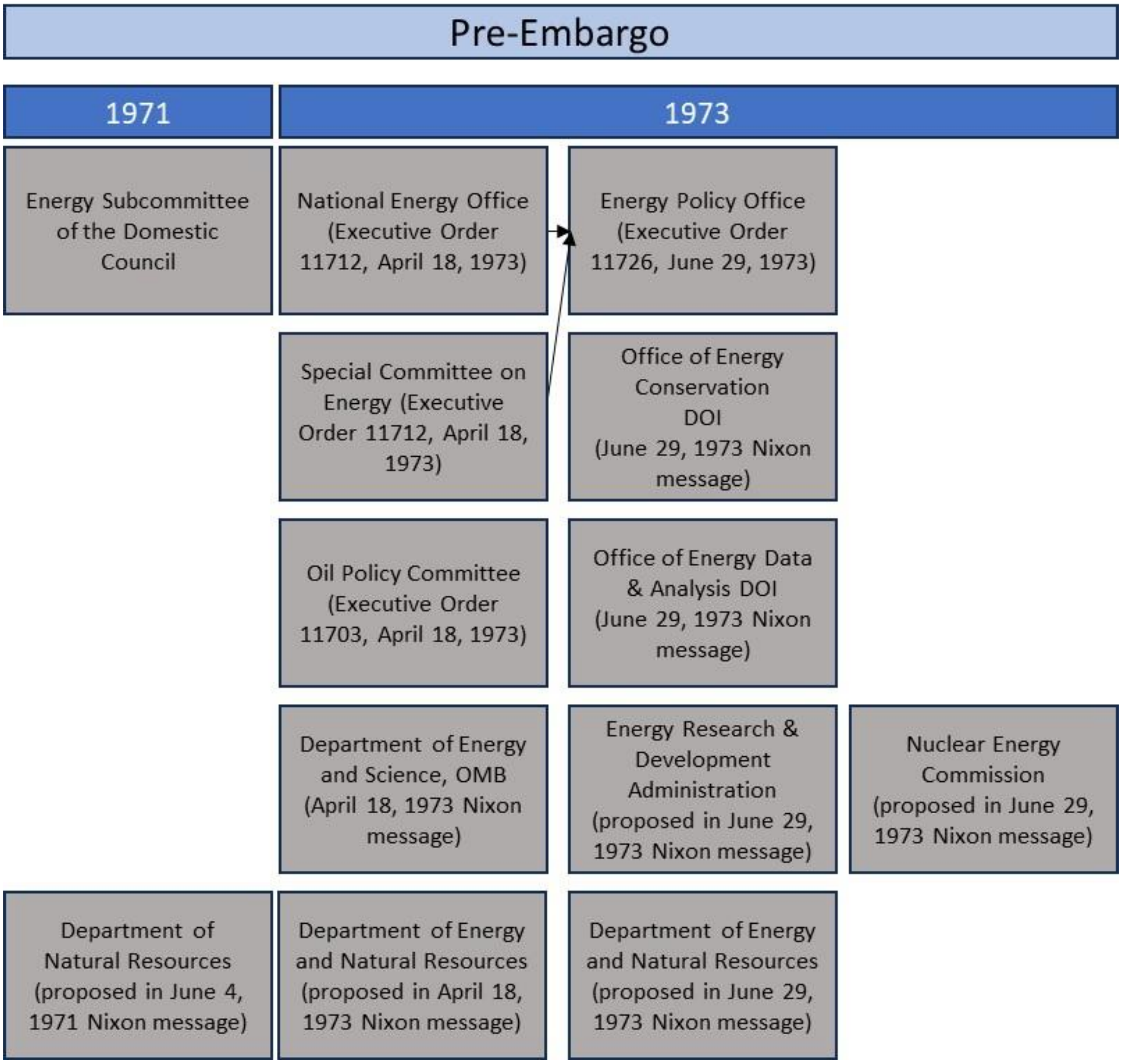
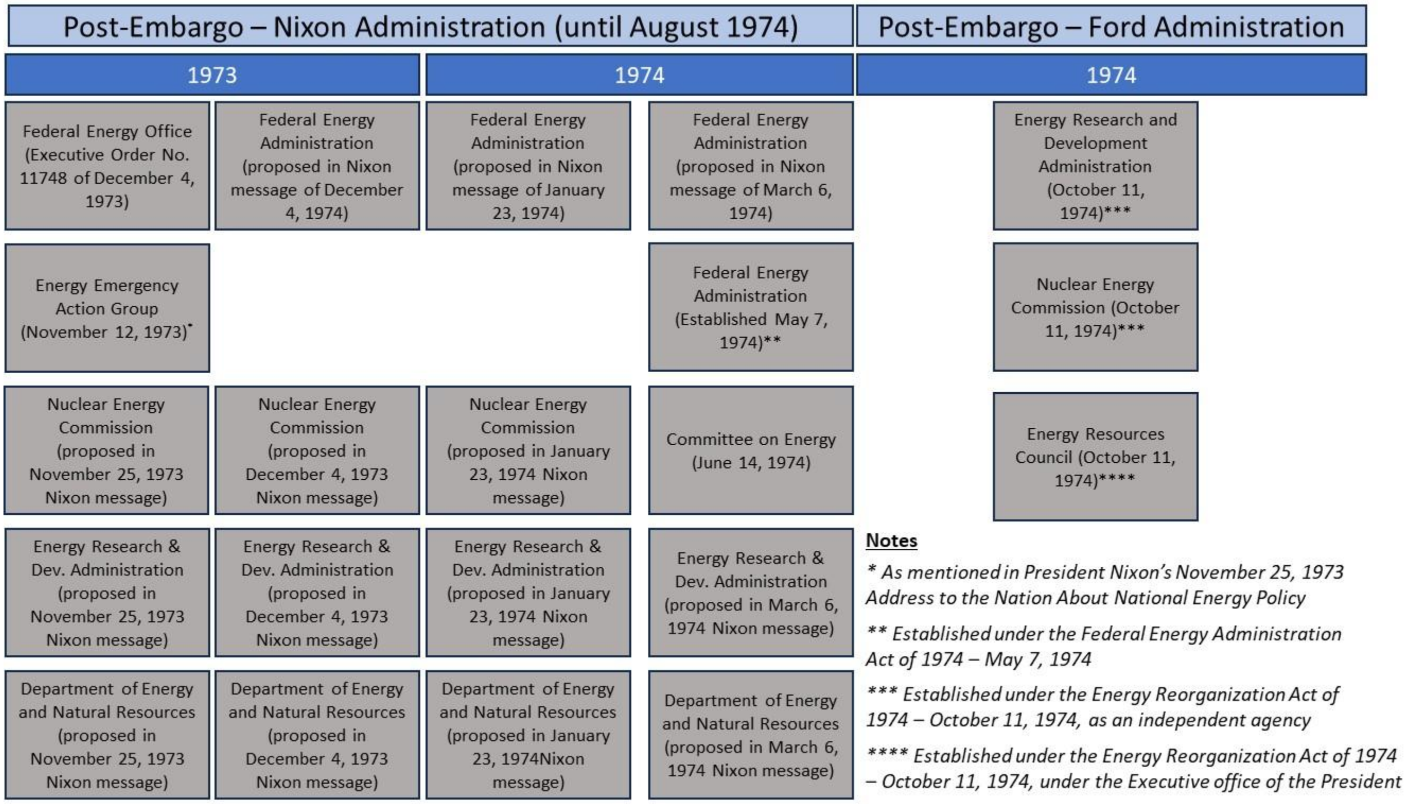


Figure 18 shows the institutions that were proposed or established following the embargo, up to the end of 1974.

Figure 18 - Post-Embargo Institutions



A review of the departments proposed following the embargo – the Department of Energy and Natural Resources, the Energy Research and Development Administration, the Nuclear Regulatory Commission – reveals that they were all proposed prior to the embargo. The Federal Energy Office was set up by Executive Order within the Executive Office as a temporary measure awaiting the enactment of the Federal Energy Administration, which was also set up as a temporary measure awaiting the enactment of the Department of Energy and Natural Resources.

The table below provides a summary of the various government entities proposed or established during the 1973 – 1974 period.

New Energy Entities: 1973 – 1974

National Energy Office	Established by Executive Order 11712, April 18, 1973
Department of Energy &Natural Resources	Initially proposed on April 18, 1973
Special Committee on Energy	Established by Executive Order 11712, April 18, 1973 Composed of John D. Ehrlichman (then White House Domestic Affairs Advisor), Henry Kissinger (then National Security Advisor), and George Schultz (then Secretary of the Treasury)
Energy Policy Office	Established by Executive Order No. 11726 of June 29, 1973 in the Executive Office of the President. Replaced the National Energy Office. Abolished by Executive Order 11775 of March 26, 1974
Energy Emergency Action Group (EEAG)	November 12, 1973, Chaired by President Nixon, but headed by President Nixon's chief energy adviser, Governor John Love
Oil Policy Committee	Amended by Executive Order 11775 of March 26, 1974. Committee consists of the Administrator of the Federal Energy Office as Chairman, and the Secretaries of State, Treasury, Defense, Interior, Agriculture, Commerce, and Transportation, the Attorney General, the Chairman of the Council of Economic Advisers, and the Administrator of the Environmental Protection Agency.
Federal Energy Office	Established by Executive Order No. 11748 of December 4, 1973
Federal Energy Administration	Established by the Federal Energy Administration Act of 1974 – May 7, 1974
Committee on Energy	Established on June 14, 1974 by President Nixon. Cabinet-level energy policy advisory body to the President, responsible for coordinating the development of energy policy within the Executive Branch. The members of the Committee included the secretaries of State, Treasury, Interior, Commerce, Transportation, in addition to the Director of OMB, the Chairman of the Council of Economic Advisors, the Administrator of the Federal Energy Administration and the Administrator of the Environmental Protection Agency. Treasury Secretary William E. Simon, formerly the Administrator of both the Federal Energy Office and of its successor, the Federal Energy Administration, was designated as Chaiman of the Committee on Energy. The Committee on Energy was intended to assume all the functions and purposes of the Energy Emergency Action Group.
Energy Research and Development Administration	Established under the Energy Reorganization Act of 1974 – October 11, 1974, as an independent agency
Nuclear Regulatory Commission	Established under the Energy Reorganization Act of 1974 – October 11, 1974, as an independent agency
Energy Resources Council	Established under the Energy Reorganization Act of 1974 – October 11, 1974, under the Executive office of the President

The National Energy Office

On April 18, 1973, President Nixon issued Executive Order 11712 that established the Special Committee on Energy and the National Energy Office.[205] Referring to the Administration's determination to develop "a more comprehensive, integrated national energy policy to meet the emerging energy challenge", and "to coordinate the policies of the executive branch", the Special Committee on Energy, composed of John D. Ehrlichman (then White House Domestic Affairs Advisor), Henry Kissinger (then National Security Advisor), and George Schultz (then Secretary of the Treasury), was mandated to convey policies and guidance to the Director of the National Energy Office. In turn, the Director was mandated to advise the President on "Federal energy programs, activities, and related matters" while "coordinating" Federal energy policy across the Executive Branch.

The Energy Policy Office

President Nixon's statement of June 29, 1973 announced the creation of an Energy Policy Office (EPO) to replace the Special Committee on Energy and the National Energy Office. EPO was established by Executive Order 11726 of June 29, 1973 to expand upon the role of the National Energy Office which was created by Executive Order 11712 of April 18, 1973. The EPO would be responsible for identifying major problems, reviewing alternatives, making policy recommendations, assuring that agencies develop short and long term plans, and for monitoring the implementation of approved energy policies.

The Federal Energy Office

On December 4, 1973, President Nixon announced the establishment of the Federal Energy Office (FEO)[206]. Noting that since the Administration's work on solving the energy crisis faced "a new and far more critical situation arising from the Middle East oil embargo", he had

---

[205] Office of the White House Press Secretary, Executive Order – Special Committee on Energy and National Energy Office; April 18, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Charles J. DiBona Subject Files; Box 24; Richard Nixon Presidential Library and Museum, Yorba Linda, CA
[206] 'Remarks Announcing Establishment of the Federal Energy Office'; Richard Nixon; December 4, 1973; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/remarks-announcing-establishment-the-federal-energy-office

decided to bring together in one agency the major energy resource management functions of the Federal Government to provide the centralized authority needed for dealing with the energy crisis. He announced that he would personally assume the Chairmanship of the Energy Emergency Action Group which would continue to oversee all major policy issues relating to energy, and that William E. Simon, then Deputy Secretary of the Treasury, would serve as Executive Director of this group.

The Federal Energy Office, which replaced the Energy Policy Office, was established by Executive Order 11748 in the Executive Office of the President according to the authority vested in the President by the Economic Stabilization Act of 1970, the Emergency Petroleum Act of 1973, and the Defense Production Act of 1950.[207] President Nixon delegated to William Simon, the new Administrator of the FEO, the authority vested in the President by the Emergency Petroleum Allocation Act and the Defense Production Act of 1950 as it relates to "the production, conservation, use, control, distribution and allocation of energy." In his remarks, President Nixon reiterated his request to Congress to establish a Federal Energy Administration, as well as an Energy Research and Development Administration.

But many of the problems that the FEO was established to resolve had started prior to the oil embargo. In a September 27, 1973 memorandum to the President from Governor John A. Love, Director of the White House Energy Policy, he conveyed the Department of the Interior's prediction of a home heating oil shortage of 100,000 barrels per day (2.5 percent of estimated demand) during the upcoming winter.[208] The shortage was predicted when there was still no embargo, and eventually the embargo did further worsen the situation. Governor Love indicated that the heating oil shortage was "part of a broader shortage problem which includes natural gas,

---

[207] The White House, Executive Order: Federal Energy Office; December 4, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA
[208] Fuel Shortages/Allocation Systems; Memorandum from John A. Love to President Nixon; September 27, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Energy Policy Office, John A. Love, Director; Box 1; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

propane, and refinery products (gasoline and heating oil)", and that shortages will recur for the next several years unless supply and demand for petroleum products are brough into balance.

However, to clearly convey that the Administration considered that the FEO was only a temporary solution, the White House released a document entitled "Federal Energy Organization" to further clarify the Administration's proposed organizational changes.[209] The document highlighted that President Nixon had proposed legislation to create three organizations needed to carry out Federal energy programs, and that Congress had moved expeditiously to create two of these – the Energy R&D Administration (ERDA) and the Nuclear Energy Commission (NEC) – but had not taken up the creation of the Department of Energy and Natural Resources. The shortages created by the embargo, the need for "vigorous Federal actions" to minimize negative impacts, the rapid expansion of Federal energy programs, and the need to increase energy production, had prompted President Nixon to create the Federal Energy Office by Executive Order, while awaiting legislation from Congress for the establishment of a new agency: the Federal Energy Administration (FEA).

The Federal Energy Administration

The FEA was enacted under the Federal Energy Administration Act of May 7, 1974. It was designed to consolidate and expand energy resource management activities. Once established, the FEA would: manage energy resource management policies; deal with energy shortages; develop and implement energy conservation programs; develop energy price regulations; develop and recommend policies on import and export of energy resources; facilitate the implementation of the President's program to develop energy self-sufficiency; collect and analyze energy information on reserves, production and demand; work with industry, state and local governments and the general public on energy resource management. The document indicated that the Federal Energy Administration would be eventually folded into the Department of Energy and Natural Resources.

[209] The White House, Fact Sheet: Federal Energy Organization; December 4, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

President Nixon's statement about the Federal Energy Administration Act of 1974 was one of the last occasions for him to announce a legislative success, just a few months before his August 1974 resignation.[210] His statement reiterated that energy dependence remained a national threat:

> We need continued conservation and major new initiatives to expand our energy supplies for the future. We must get on with the actions that are needed to meet the goals of Project Independence-to reduce the vulnerability of the United States to threats from other nations arising from our growing dependence upon foreign sources of energy.

The Department of Energy & Natural Resources

The Nixon Administration raised its own concerns about the energy crisis, and proposed legislation in July 1973, prior to the embargo, to consolidate the various energy functions within the Executive Branch. The proposed bill was intended "to promote more effective management of certain related functions of the executive branch by reorganizing and consolidating those functions in a new Department of Energy and Natural Resources, by reorganizing and consolidating others in a new Energy Research and Development Administration".[211] The proposed bill (Title XX- Energy Policy Office, Sec. 2001) also stated that "Congress hereby declares that the energy crisis that now confronts the Nation requires that all activities of the executive branch be coordinated and guided by an official and organization that is directly responsive to the President." The Administration also considered which functions would be merged into the new Department of Energy and Natural Resources, as shown in ***Figure 19***.[212]

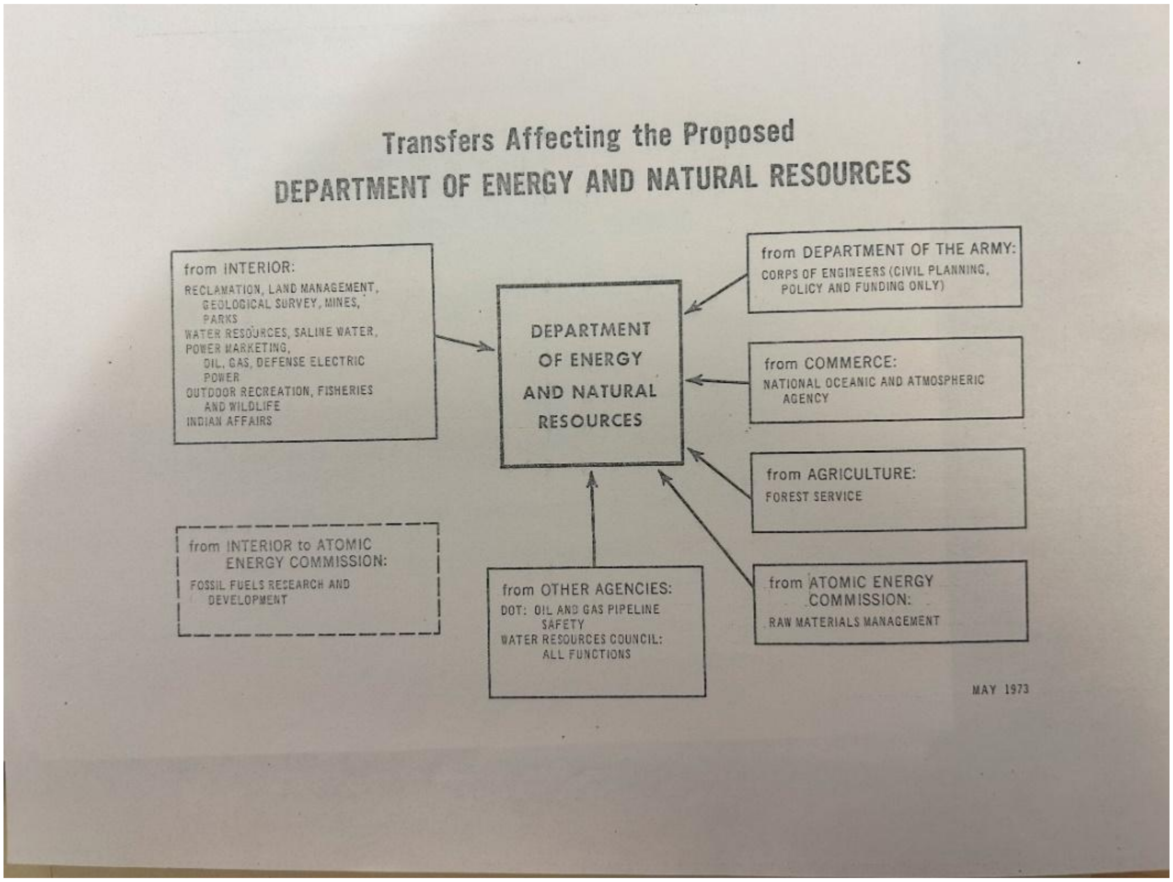
---

[210] 'Statement About the Federal Energy Administration Act of 1974'; Richard Nixon; May 7, 1974; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/statement-about-the-federal-energy-administration-act-1974

[211] Senate bill S.2135; July 10, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Charles DiBona Subject Files; Box 23; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[212] Draft Presidential Transmittal on DENR; June 1, 1973; White House Central Files (WHCF); Staff Member Office Files (SMOF); Charles DiBona Subject Files; Box 23; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Figure 19 – Organizational Structure of the Proposed Department of Energy & Natural Resources



Members of the Nixon Administration were in contact with Congress to push for the consolidation of energy-related functions under a cabinet-level department. In a February 6, 1974 letter to Representative Morris Udall, Chairman of the Environmental Subcommittee of the Interior and Insular Affairs Committee at the House of Representatives, co-signed by Roy Ash, OMB Director, and William Simon, Treasury Secretary, on White House letterhead, they both argued in favor of a "new Federal organization" to coordinate both energy and natural resources.[213] They pointed out that President Nixon has proposed to Congress in March 1971 a

[213] Letter from Roy Ash, OMB Director, and William Simon, Treasury Secretary, to Representative Morris Udall, Chairman of the Environmental Subcommittee of the Interior and Insular Affairs Committee at the House of Representative; February 6, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); Glen R. Schleede – Fairbanks Subject Files; Box 50; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

"modernized expanded Department of Natural Resources to solve this problem." They indicated that a new cabinet department was the most effective organization structure for the government in integrating and managing its energy and natural resources responsibilities, and that such a department would contain both the Energy R&D Administration (ERDA) and the Federal Energy Administration (FEA). Until a cabinet level department was established, FEA's responsibilities would include dealing with current crises by establishing allocation, rationing, price control and conservation programs to "equitably balance shortages of fuel supplies in relation to demand." ERDA would lead Federal Energy R&D programs for the purpose of developing new or improved technologies for energy production, conservation and utilization.

Gerald R. Ford, who succeeded Nixon as President in August 1974, signed the Energy Reorganization Act of 1974 (*Compilation of selected energy-related legislation : nuclear energy and radioactive waste, including Atomic Energy Act of 1954, Energy Reorganization Act of 1974, Nuclear Waste Policy Act of 1982, Waste Isolation Pilot Plant Land Withdrawal Act, Uranium Mill Tailings Radiation Control Act of 1978, Low-Level Radioactive Waste Policy Act and compacts, miscellaneous laws* 1994) on October 11, 1974, which created the Energy Research and Development Administration to manage long-term energy research, the Nuclear Energy Commission to regulate the nuclear power industry, and the Energy Resources Council to coordinate federal energy policy formulation and implementation. However, it was not until the Carter Administration and the Department of Energy Organization Act of 1977 for the Department of Energy to be finally established.

The Committee on Energy

In spite of the worsening Watergate scandal, the push towards centralization and the creation of a cabinet level agency continued unabated. Roy L. Ash, Director of the Office of Management and Budget, proposed a "presidential energy initiative" in a May 22nd, 1973 draft memorandum to President Nixon, which he shared with Alexander Haig, White House Chief of Staff, George Shultz, Secretary of the Treasury, Henry Kissinger, National Security Advisor, Ken Cole, Aide to President Nixon, and Bill Timmons, Assistant to the President for Legislative

Affairs.[214] Mr. Ash noted that there were several unresolved oil policy questions – e.g., negotiating posture with Arab countries, import levels, rationing, etc. – and that there was no single agency – such as President Nixon's proposed Department of Energy and Natural Resources – to provide focus for energy policy and development. Accordingly, he indicated there was a need for an organizational structure to allow government and private input into energy policy. Mr. Ash proposed the creation of a "President's Energy Policy Council", composed of 12 members – four from the Executive Branch, four from Congress, and four from outside government – who will develop short- and long-range energy plans and programs for carrying out energy policy. In addition, the council would be supported by several working panels which would focus on aspects of energy policy.

Ken Cole, President Nixon's Aide, responded to Roy Ash in a May 23, 1973 memorandum indicating that the organizational framework proposed by Mr. Ash was not appropriate as it would be difficult for the Executive Branch to lead an organization such as the proposed President's Energy Policy Council when eight out of its twelve members came from outside government.[215] Accordingly, Mr. Cole recommended that the Energy Policy Council be established only as an advisory body, and that energy policy be entrusted to the existing National Energy Office.

On June 14, 1974, President Nixon announced the establishment of the Committee on Energy, a Cabinet-level energy policy advisory body to the President, responsible for coordinating the development of energy policy within the Executive Branch.[216] The members of the Committee included the secretaries of State, Treasury, Interior, Commerce, Transportation, in addition to the Director of OMB, the Chairman of the Council of Economic Advisors, the

---

[214] Memorandum from Roy L. Ash to Al Haig, George Shultz, Henry Kissinger, Ken Cole, Bill Timmons, May 22, 1973; Nixon Presidential Materials Project; White House Special Files; Staff Member and Office Files; Staff Secretary; Memoranda Files; Energy Message [I] – Energy - - Speech, etc. [II]; Box 99; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[215] Memorandum from Ken Cole to Roy L. Ash, May 23, 1973; Nixon Presidential Materials Project; White House Special Files; Staff Member and Office Files; Staff Secretary; Memoranda Files; Energy Message [I] – Energy - - Speech, etc. [II]; Box 99; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[216] Press Release, Office of the White House Press Secretary; June 14, 1974; White House Central Files (WHCF); Staff Member Office Files (SMOF); Herbert Stein; Subject Files; Box 164; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

Administrator of the Federal Energy Administration and the Administrator of the Environmental Protection Agency. Treasury Secretary William E. Simon, formerly the Administrator of both the Federal Energy Office and of its successor, the Federal Energy Administration, was designated as Chaiman of the Committee on Energy. The Committee on Energy was intended to assume all the functions and purposes of the Energy Emergency Action Group, thus creating a more permanent and structured organization for energy policy management within the Executive Branch.

Conclusion

Many of the decisions made by the Nixon Administration to deal with the energy crisis were shaped by political priorities: expanding and consolidating Executive Branch powers, reducing the regulatory role of government, and protecting the free functioning of the market. These policy priorities were often made to seem not only compatible with, but also necessary for strengthening national security. The embargo presented a unique opportunity for implementing policies that were aligned with the Administration's political leanings. Notably, most of the policies put in place following the embargo, as well as many of the new governmental structures, were proposed prior to the embargo. For instance, on June 4, 1971, President Nixon issued a Special Message to the Congress on Energy Resources.[217] In that message, he committed to meeting the twin goals of supplying adequate energy and protecting the environment through a "balanced and imaginative" research and development program, opening up federal lands to exploration, increasing energy efficiency, and developing energy conservation measures for industry, government, and the general public to help reduce energy use in times of shortage and during pollution crises. In that same message, President Nixon called for the establishment of a single agency which can "execute and modify policies in a comprehensive and unified manner." He proposed a new "Department of Natural Resources" that "would provide a focal point where energy policy in the executive branch could be harmonized and rationalized."

[217] Special Message to the Congress on Energy Resources'; Richard Nixon; June 4, 1971; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/special-message-the-congress-energy-resources

President Nixon's June 29, 1973 statement, also prior to the embargo, mainly expanded on the themes from his 1971 message.[218] He proposed to: a) establish a Department of Energy and Natural Resources, an Energy Research and Development Administration, and a Nuclear Energy Commission; b) streamline of energy-related regulations; and c) reduce energy demand through greater conservation.

His November 8, 1973 statement to Congress, following the embargo, was in turn similar to his June 29, 1973 public statement.[219] In brief, he called for a) authorizing restrictions on both the public and private consumption of energy; b) authorizing a relaxation of air and water quality standards and regulations; c) granting temporary operating licenses to nuclear power plants; authorizing production in the Naval Petroleum Reserve #1 (Elk Hills, California); d) authorizing the President, where practicable, to order the conversion of power plants or other installations from oil to coal; and e) establishing a Department of Energy and Natural Resources, an Energy Research and Development Administration.

The main departure in President Nixon's post-embargo communications was Project Independence. However, as described by President Nixon in his January 23, 1974 Special Message to Congress on the Energy Crisis:[220]

> Project Independence entails three essential concurrent tasks.
>
> The first task is to rapidly increase energy supplies--maximizing the production of our oil, gas, coal and shale reserves by using existing technologies and accelerating the introduction of nuclear power. These important efforts should begin to pay off

[218] President's Statement on Energy, Office of the White House Press Secretary; June 29, 1973; Nixon Presidential Materials Project; White House Staff Member and Office Files; J. Fred Buzhardt Files, 1969 – 1974; General Files, 1971 – 1974; Box 20; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[219] White House Message to Congress, Office of the White House Press Secretary; November 8, 1973; White House Central Files (WHCF); Subject Files; SP (Speeches); Box 93; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

[220] 'Special Message to the Congress on the Energy Crisis'; Richard Nixon; January 23, 1974; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/special-message-the-congress-the-energy-crisis

> in the next 2 to 3 years. They will provide the major fraction of the increased supplies needed to achieve energy self-sufficiency.
>
> The second task is to conserve energy. We must reduce demand by eliminating non-essential energy use and improving the efficiency of energy utilization. This must be a continuing commitment in the years ahead.
>
> The third task is to develop new technologies through a massive new energy research and development program that will enable us to remain self-sufficient for years to come.

The concurrent tasks highlighted by President Nixon are the same tasks (domestic supplies, energy conservation, and energy research and development) highlighted in his pre-embargo speeches.

The policies enacted following the embargo emerged because the energy shortages following the embargo allowed three streams to come together creating a "window of opportunity" (Kingdon 1984). The *policy stream* included John Love, Charles DiBona, William Simon, and John Sawhill, appointed by President Nixon to lead the Energy Policy Office and then the Federal Energy Office. Their objective was to put forward solutions that would mitigate the impacts of the embargo. Ohers, such as the State Department (Henry Kissinger), the National Security Council (Charles Cooper), and the Central Intelligence Agency viewed the embargo as an opportunity to extract concessions from allies, or to shape future foreign policy in the Middle East. The *political stream* included President Nixon and his closest advisors (e.g., John Ehrlichman), who were interested in gauging the national mood and in portraying the Administration as a first line of defense to protect the public from economic hardship and from oil companies' profiteering. The *problem stream* was the shortage of petroleum products affecting ordinary citizens, such as gasoline and heating oil. The "window of opportunity" materialized when the three streams came together following the embargo: the politicians agreed there was a problem that needed solving, and the policy stream contained responses and advocates for the responses. The confluence of the three streams produced solutions.

These solutions were not new, and how they came about closely followed the garbage can model of organization choice (Cohen, March, and Olsen 1972). Prior to the embargo, the energy crisis received moderate attention from the Nixon Administration. President Nixon did address the energy crisis in 1971, but he did not address it again until 1973. He was correct in stating that energy-related functions were distributed across several government agencies, and this implied that there was ambiguity within the administration regarding its objectives for handling the crisis. Accordingly, the solutions that were proposed in the pre-embargo period were “solutions looking for issues to which they might be an answer”. The embargo was the “c*hoice opportunity”* during which the federal government was expected to produce decisions. It was the perfect opportunity to pull solutions out of the “garbage can” and present them as solutions to the embargo. The embargo disrupted the stability of existing government institutions and put in motion activities to create new entities, even during the short period between the embargo and President Nixon’s resignation in August 1974.

Chapter Thirteen: Conclusion

The 1973 oil embargo triggered significant changes in government policy, actions and institutions. The institutions that were established following the embargo, for instance the Department of Energy and CENTCOM, are still functioning, even if many of the reasons for which they were established are no longer relevant, and despite calls to abolish them (for instance, in 2011, Rick Perry, former governor of Texas and presidential candidate, called for the abolition of the Department of Energy). Today, over 100,000 people work for the Department of Energy, and CENTCOM's Area of Responsibility consists of 21 countries spanning over 4 million square miles. In addition, the embargo shaped the U.S.'s relationship with Saudi Arabia in a manner that endures to this day.

I have argued that neither the traditional view of the oil embargo nor the revisionist accounts capture what happened. There are four general themes to my argument.

First, the oil shock and the energy shortages were significant and widely felt but the impacts of the embargo were also worsened by the many regulations controlling domestic oil prices and production levels. Project Independence, the Nixon Administration's plan for achieving energy self-sufficiency was mostly a performative act to demonstrate U.S. resolve and to deter the oil producers from resorting again to the 'oil weapon'.

Second, the oil embargo was the moment when oil was weaponized by non-ethnic others. As Krishna (2018) argued, there is a tendency in "the industrialized and capitalist West to represent itself as the epitome of modern civilization and cast the rest of the world as provincial, second-order mimics." Indeed, Nixon Administration communications and several *New York Times* articles painted the Arab petrostates as subservient and backward, while describing the U.S. and the West as democratic and free. The weaponization of oil confirmed the National Security Council's position that oil had become geopoliticized and capable of being used as a tool to influence U.S. foreign policy but also for the U.S. to gain leverage against its own allies. For the United States, the embargo transformed oil from a domestic and highly regulated commodity to a matter of national security and competitive geopolitics. It was already such a matter for most other states.

Third, I have argued that racial and cultural prejudices had an influence in shaping the U.S.'s reaction to the embargo, in that throughout the ramp-up and during the post-embargo period, both the media and the Nixon Administration expressed disbelief at the effrontery of underdeveloped countries that were until recently under Western control to challenge a global superpower and its allies.

Fourth, I have argued that the oil embargo allowed the Nixon Administration to implement many of the oil-related policies that it had proposed *prior* to the embargo. The Nixon Administration was able to advance its pre-embargo agenda because the embargo was portrayed as an existential crisis, and as an attack on the U.S. that required a Manhattan Project-like response. I deepen these four claims below.

The Embargo Worsened an Existing Energy Crisis

Pre-embargo rising domestic demand for oil, insufficient domestic supplies, and misdirected federal regulations had already weakened the resilience of the U.S. oil market and caused shortages. It is worth noting that the European countries which were also subject to the same embargo did not witness the shortages seen in the United States, partly because U.S. allies in Europe and Japan had stockpiled oil supplies, and thereby secured for themselves a short-term cushion. In brief, the embargo would not have had the same economic impact if it had not been for the U.S. government's poorly designed regulatory controls, which were meant to protect the public but instead led to supply shortages.

There has been in recent years a reexamination of the 1973 oil embargo to reclassify it as a non-event. However, while the embargo did have a political theater aspect, its impacts – whether because of U.S. government mismanagement or not – were undeniable. A review of archival records shows that switching to other oil suppliers was difficult.[221] The two principal suppliers who could have replaced the shortfall were Venezuela and Canada, and both had decided to limit future exports to the United States. Venezuela announced that it had no interest to expand its production solely to meet U.S. needs, in addition its reserves were low. Canada, which

[221] Executive Summary: National Security and U.S. Energy Policy paper prepared in response to National Security Study Memorandum 174; August 14, 1973; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

anticipated high domestic needs, decided to give priority to its own requirements. So ultimately, the U.S. had no other option but Middle East (and specifically Saudi) oil.

Given the federal government's history of oil regulation and price controls, the Nixon Administration had a mandate to act once the embargo was announced. The response came promptly as President Nixon announced Project Independence on November 7, 1973, a blueprint for the U.S. to attain energy self-sufficiency.

I have argued that the Nixon Administration was not fully convinced that the poorly defined objective of energy self-sufficiency was achievable. Instead, I have argued that the value of Project Independence would be less in achieving energy autarky and more in conveying to foes and allies that the Nixon Administration was willing to invest in a very costly national program so that it can maintain the autonomy of both its foreign policy and of the economy. In that sense, Project Independence was a performative act and useful "political theatre" to domestic and international audiences. The State Department must have calculated that it was cheaper to secure Saudi oil by selling war planes to Saudi Arabia than through a costly and risky national energy self-sufficiency program.

The Geopolitization of Oil

I have argued that the embargo was the trigger for the geopolitization of oil. For most countries, ensuring energy security and uninterrupted oil supplies is a matter of national security and economic survival. However, for the U.S., long a major oil exporter, access to energy resources only rose to the status of a national security issue in the early 1970s. Indeed, by the late 1960s, not only had the U.S. become a net importer, but also the growth in demand for oil exceeded the growth in Gross Domestic Product (GDP), due to a shifting of energy resources away from coal towards oil. Simultaneously, there were new environmental standards such as the Clean Air Act of 1970 that accelerated the transition away from coal towards oil, when the regulatory environment in the U.S. was designed to deter oil imports which could have satisfied the U.S.'s growing demand for oil.

As the U.S.'s demand for oil grew, oil producing countries and OPEC sought to assert their sovereignty over their natural resources, and to start setting production goals and prices instead of leaving this task to the multinational oil companies. These circumstances made the embargo both politically and economically convenient: it was a tool of political coercion and a way to raise prices and revenues without increasing production.

In 1972, the State Department warned that domestic oil supplies were no longer sufficient to meet growing demand and that by 1980 the U.S. would need to import half of its oil needs, mostly from Arab petrostates.[222] Nonetheless, this warning was still not recognized by the White House as an urgent national security matter. In June 1972, National Security Advisor Kissinger argued that oil had become a foreign policy issue and that the U.S.'s dependence on imported oil should be studied by the National Security Council. While various Nixon Administration assessments were conducted, and while many within the Administration had warned of the likelihood of an embargo, the Administration was unconvinced that the Arab petrostates would dare to challenge a global superpower – until they did.

Following the embargo, there were some in the Nixon Administration who advocated for a military response. It is reasonable to speculate that the recent Vietnam War experience and the knowledge that Saudi Arabia may have already mined the oil wells in anticipation of an attack mitigated against a military response by the Nixon Administration. In addition, a military response would likely have led to even higher oil prices.

Kelanic (2020) has argued that because the United States could meet its own essential military and civilian needs through self-sufficiency strategies, but could not meet the needs of its allies, it had to resort to an indirect control anticipatory strategy in the Persian Gulf region. I have argued that the Nixon Administration recognized that the allies' dependence on Middle East oil and on U.S. diplomacy and military power to ensure uninterrupted supplies meant that the U.S. had gained a source of leverage over its allies.

The Nixon Administration's policies towards Saudi Arabia were shaped by the embargo and they endure to this day. The guidelines of the relationship were drafted by the National Security Council in March 1974, and proposed by Secretary Kissinger to King Faisal who accepted them.

---

[222] Memorandum from Secretary of State William Rogers to President Nixon, March 10, 1972; NSC Institutional ("H") Files; Study Memorandums (1969 – 1974); Box H-197; National Security Council Files; Richard Nixon Presidential Library and Museum, Yorba Linda, CA

The main feature of this relationship, according to the NSC, is that it should be defined on mutual interest. The U.S. would help the Saudis decide which oil prices would best serve their long-term interests and the interests of the U.S. companies working in Saudi Arabia, provide various experts in development fields, facilitate the investment of Saudi funds in the U.S., expand its military supply and training programs in Saudi Arabia, and agree to long-term military supply contracts and to Saudi participation in the cost of research and development of new weapons that were of interest to Saudi Arabia. During his meeting with King Faisal in Riyadh, Secretary Kissinger also indicated that the U.S. was ready to coordinate its future foreign policy in the Arab world with Saudi Arabia. Despite the many Nixon Administration statements that the U.S. would let itself be blackmailed, the embargo did gain Saudi Arabia a special relationship with the U.S., whereby the U.S. committed to coordinating its Arab world policies with Saudi Arabia. This outcome is even more remarkable in that at various moments during the embargo, the Nixon Administration hinted at a military response against Saudi Arabia, prompting Saudi Arabia to communicate indirectly that they had mined the oil fields in anticipation of an attack.

Finally, I have argued that the State Department used the threat of Soviet reentry into the Middle East (for instance, the potential stationing of Soviet troops in Sinai to oversee the disengagement between Egyptian and Israeli forces) as leverage to bring Saudi to lift the embargo. Ironically, the Carter Doctrine announced during President Carter's January 23, 1980 State of the Union Address stated that the U.S. would regard an attempt by any outside force [referring to the Soviet Union] to gain control of the Persian Gulf region "as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force."[223] The Carter Doctrine is a natural continuation of the Nixon Administration's policies of securing Saudi Arabia's oil supplies.

[223] 'The State of the Union Address Delivered Before a Joint Session of the Congress.'; January 23, 1980; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/the-state-the-union-address-delivered-before-joint-session-the-congress

Racial and Cultural Prejudices Shaped the U.S. Response to the Embargo

I have argued that racial and cultural prejudices influenced the Nixon Administration's reaction to the embargo, in that throughout the ramp-up and during the post-embargo period, both the media and the Nixon Administration expressed disbelief at the effrontery of underdeveloped countries that were until recently Western possessions to challenge a global superpower.

In *Orientalism*, Edward Said (1978) describes how the West constructs the Orient as a space that is a different, inferior, emotional, and dangerous. In contrast, the Occident is viewed as civilized, rational, democratic, free, and in control. Said's argument is premised on the idea that representation is always laden with power relationships. For instance, to illustrate Kissinger's Orientalist view that Arabs are emotional instead of rational, during a meeting with oil company executives on October 26, 1973, Kissinger said: "there is a romanticism about the Arab position which makes it difficult to negotiate a solution out of this present situation. […] I am not a prophet who can ride in from the desert on a white horse with a dramatic solution. […] The Arabs are personally very pleasant, but they have this vague romanticism which makes them very difficult to deal with."[224] Note here that Kissinger is bundling eight petrostates (Saudi Arabia, Kuwait, Bahrain, United Arab Emirates, Iraq, Libya, Algeria, Qatar) and two warring states (Egypt, Syria) under the term "Arabs", and reducing their complexities and varying needs into a simple and all-inclusive ethnic heading.

As a Harvard-educated scholar of political realism who revived the term 'geopolitics' during the early seventies, Kissinger was adept at, in the words of Ó Tuathail and Agnew (1992) spatializing "international politics in such a way as to represent a 'world' characterized by particular types of places, peoples and dramas". Ó Tuathail and Agnew add that it is "through the mobilization of certain simple geographical understandings that foreign-policy actions are

[224] Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1027, Presidential/HAK Memcons, Memcons, April–Nov 1973. Document # 230 in (Qaimmaqami and Keefer 2011)

explained and through ready-made geographically-infused reasoning that wars are rendered meaningful."

To illustrate Kissinger's view of the Arab petrostates, on October 17, 1973, the same day the production cuts were announced, he was still unconvinced that they would take place: "We don't expect an oil cut-off now in the light of the discussions with the Arab Foreign Ministers this morning. […] Did you see the Saudi Foreign Minister come out like a good little boy and say they had had very fruitful talks with us?"[225]

It is reasonable to ask if the disbelief of Secretary Kissinger and the several CIA studies conducted prior to the embargo was due to a sense that the Arab petrostates would not dare challenge a global superpower. After all, and again referencing Tuathail and Agnew, the United States after World War II was a "hegemonic world power" and a "'rule-writer' for the world community" that was able to "constitute the terms of geopolitical world order."

While Kissinger may have been the most vocal in his negative references to Arabs ("savages" [226], "tell the Arabs to shove their oil"[227]) he certainly was not the only one. Media articles written prior to the embargo also conveyed a negative depiction of the Arab petrostates: from "The Gnomes of Araby"[228], "The Oil Cartel Will Get Us If We Don't Watch Out"[229], to negative cartoon depictions of Arabs (e.g., the cartoon in ***Figure 16***). William Smith's statement in the *New York Times* that the oil companies "once masters, are now well on their way to becoming servants and the consuming countries' governments, once in control of the world oil

[225] Minutes of Washington Special Actions Group Meeting (WSAG); October 17, 1973; National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H–117, Top Secret; Sensitive; Document # 219 in (Qaimmaqami and Keefer 2011). Present in the meeting were the heads of State, DOD, Joint Chiefs of Staff, CIA, NSC, and the Assistant to the President for Energy Policy (Governor John Love)
[226] Memorandum of Conversation; November 29, 1973; Ford Library, National Security Adviser, Memoranda of Conversations, Box 2, November 29, 1973. Top Secret; Document # 251 in (Qaimmaqami and Keefer 2011)
[227] Telephone conversation, January 30, 1973; National Archives, Nixon Presidential Materials, NSC Files, Kissinger Telephone Conversation Transcripts, Box 24, Chronological Files; Document # 292 in (Qaimmaqami and Keefer 2011)
[228] 'Gnomes of Araby'; March 25, 1973; *The New York Times*; https://www.nytimes.com/1973/03/25/archives/gnomes-of-araby.html?searchResultPosition=179
[229] 'The Oil Cartel Will Get Us If We Don't Watch Out; M. A. Adelman; April 21, 1973; *The New York Times*; https://www.nytimes.com/1973/04/21/archives/the-oil-cartel-will-get-us-if-we-dont-watch-out.html?searchResultPosition=213

trade, are now reacting to the beat of the producer countries" clearly conveys a fear of a reversed racial hierarchy. It mattered that the oil producers had until recently been under the control of colonial powers, mainly Great Britain and France. The calls for an aggressive response or for the dismantling of OPEC were not dissimilar from post-colonial claims that raw materials found in colonized lands were the heritage of mankind (Lugard 1965) or that the West's resource dependency required maintaining control of former colonies and slowing down their political advancement (Huxley 1968).

I have also argued that the Nixon Administration's "no to blackmail" posture developed because of its disbelief that the U.S. could be made to yield to underdeveloped countries. The word "blackmail" was often used by the Nixon Administration prior to the embargo when discussing the U.S.'s growing dependence on imported oil from the Middle East, and the likelihood that this dependence could be used as a tool for economic blackmail against both the U.S. and its allies. The avoidance of economic blackmail was the reason given for maintaining the oil imports quotas, which meant higher energy prices but presumably an incentive to U.S. oil companies to seek and develop new domestic oil sources. However, once the embargo began, the Nixon Administration publicly maintained that its actions to disengage fighting forces, and to convene a peace conference, were unrelated to the embargo. The public stance of the Administration was contradictory to many of the internal discussions within the Administration. For instance, President Nixon's January 30, 1974 State of the Union Address, and its confirmation that the U.S. supported a just resolution of the conflict based on Security Council Resolutions 242 and 338, were dictated by Saudi Arabia, as a condition for immediately lifting the embargo. It is doubtful if Nixon's public statements on the U.S.'s commitment to Resolutions 242 and 338 would have come about if it hadn't been for the embargo.

The Embargo was a Focusing Event for Pre-Embargo Policies

None of the proposed measures and solutions following the embargo were new. In fact, most of them, including the reorganization of the federal government's energy functions through the creation of a Department of Energy and Natural Resources, were proposed several years prior to the embargo. However, by placing the energy crisis at the forefront of the political agenda, the embargo did allow pre-embargo government proposals to be implemented.

For instance, on June 4, 1971, President Nixon issued a Special Message to Congress on Energy Resources.[230] In that message, he committed to meeting the twin goals of supplying adequate energy and protecting the environment through a "balanced and imaginative" research and development program, opening up federal lands to exploration, increasing energy efficiency, and developing energy conservation measures for industry, government, and the general public to help reduce energy use in times of shortage and during pollution crises. In that same message, President Nixon called for the establishment of a single agency which can "execute and modify policies in a comprehensive and unified manner." He proposed a new "Department of Natural Resources" that "would provide a focal point where energy policy in the executive branch could be harmonized and rationalized."

By the time of President Nixon's June 29, 1973, the energy proposals that were first proposed in his 1971 address were further developed and became the blueprint for most of the Nixon Administration's measures proposed following the embargo. It is reasonable to ask why pre-embargo measures were still the right measures following the embargo. Nevertheless, because these measures were proposed prior to the embargo, it was easy for the Republican Nixon Administration to blame the post-embargo hardships on the majority Democratic Congress which had presumably delayed their enactment.

The period following the embargo saw a flurry of organizational and legislative activity that led to the establishment of the Federal Energy Office and the Federal Energy Administration, which were eventually folded into the Department of Energy.

In summary, the 1973 Oil Embargo was a critical juncture in U.S. history. My research situated the embargo during a unique socio-cultural moment for the United States, with recent political assassinations, the loss of the Vietnam War, economic decline and inflation, price controls and heavy-handed energy regulations. While the embargo did not cause the energy

---

[230] Special Message to the Congress on Energy Resources'; Richard Nixon; June 4, 1971; The American Presidency Project; *University of California at Santa Barbara*; https://www.presidency.ucsb.edu/documents/special-message-the-congress-energy-resources

crisis, public memory recalls it as the moment when the ‘oil weapon’ was deployed by foreign powers against an unsuspecting United States. This public memory has now endured for over fifty years.

The embargo was unique in that Arab petrostates, which were until recently under Western control, had dared for the first time to challenge a global hegemon. The Nixon Administration’s response was shaped by its own view of the U.S. (“a giant”) and of the Arab petrostates (“savages”).

Nonetheless, the embargo also had some political benefits. The Nixon Administration recognized that U.S. allies were both dependent on Middle East oil and on the U.S. to secure that oil, and that this dependence would provide opportunities for the U.S. to extract concessions from its allies. The embargo allowed the implementation of many stalled pre-embargo energy policies. It strengthened the special relationship between the U.S. and Saudi Arabia, whereby Kissinger committed to coordinating the U.S.’s Arab world policies with Saudi Arabia. Finally, the embargo was the trigger for two new and significant governmental entities that endure to this day: the U.S. Department of Energy and U.S. Central Command.

Bibliography

Adelman, M. A. 1972a. "Is the Oil Shortage Real? Oil Companies As OPEC Tax-Collectors." *Foreign Policy* (9): 69-107.

---. 1972b. *The world petroleum market*. Baltimore: Published for Resources for the Future by Johns Hopkins University Press.

Akins, James E. 1973. "The Oil Crisis: This Time the Wolf Is Here." *Foreign Affairs* 51 (3): 462-490.

Altvater, Elmar. 2007. "The social and natural environment of fossil capitalism." *Socialist register* 43.

Amuzegar, Jahangir. 2001. *Managing the oil wealth : OPEC's windfalls and pitfalls*. Paperback edition. ed. London ;: I.B. Tauris.

Austin, J. L., J. O. Urmson, and Marina Sbisà. 1975. *How to do things with words : the William James lectures delivered in Harvard University in 1955*. Oxford: Clarendon Press. https://doi.org/10.1093/acprof:oso/9780198245537.001.0001.

Balzacq, Thierry. 2011. *Securitization theory : how security problems emerge and dissolve*. Milton Park, Abingdon, Oxon: Routledge Milton Park, Abingdon, Oxon.

Baumgartner, Frank R., and Bryan D. Jones. 1993. *Agendas and instability in American politics*.*American politics and political economy series*. Chicago: University of Chicago Press.

Beaubouef, Bruce Andre. 2007. *The strategic petroleum reserve : U.S. energy security and oil politics, 1975-2005*. 1st ed. ed.*Kenneth E. Montague series in oil and business history ; no. 21*. College Station: Texas A & M University Press.

Bennett, Andrew, and Jeffrey T. Checkel. 2015. *Process tracing : from metaphor to analytic tool*. Cambridge ;: Cambridge University Press.

Bliddal, Henrik. 2011. *Reforming military command arrangements : the case of the Rapid Deployment Joint Task Force*.*Letort papers ; [no. 46]*. Carlisle, PA: Strategic Studies Institute, U.S. Army War College.

Buzan, Barry, Ole Wæver, and Jaap De Wilde. 1998. *Security : a New Framework for Analysis*. Boulder: Lynne Rienner Publishers.

Carson, Rachel, Lois Darling, and Louis Darling. 1962. *Silent spring*. Boston: Houghton Mifflin.

Cohen, Michael D., James G. March, and Johan P. Olsen. 1972. "A Garbage Can Model of Organizational Choice." *Administrative Science Quarterly* 17 (1): 1-25. https://doi.org/10.2307/2392088.

Colgan, Jeff. 2013. *Petro-aggression : when oil causes war*. Cambridge: Cambridge University Press.

Collier, David. 2011. "Understanding Process Tracing." *PS: Political Science & Politics* 44 (4): 823-830. https://doi.org/10.1017/S1049096511001429.

Compilation of selected energy-related legislation : nuclear energy and radioactive waste, including Atomic Energy Act of 1954, Energy Reorganization Act of 1974, Nuclear Waste Policy Act of 1982, Waste Isolation Pilot Plant Land Withdrawal Act, Uranium Mill Tailings Radiation Control Act of 1978, Low-Level Radioactive Waste Policy Act and compacts, miscellaneous laws. 1994. U.S. G.P.O. (Washington).

Cross, Carol M. Bennett; James S. 15 November 1973 1973. *Emergency preparedness for interruption of petroleum imports into the United States.* National Petroleum Council's Committee on Emergency Preparedness.

Crutzen, Paul J., Eugene F. Stoermer, and Will Steffen. 2000. "“The ‘Anthropocene’” (2000)." In *The Future of Nature*, edited by Libby Robin, Sverker Sörlin and Paul Warde, In Documents of Global Change, 483-490. Yale University Press.

Davies, Jack. 2014. "Oil Shocked: A microhistory of the first days of the Energy crisis, October 16-27, 1973 " *Australasian Journal of American Studies* 33 (1): 51-72. http://www.jstor.org.ezproxy.lib.vt.edu/stable/44706137.

Domosh, Mona. 2013. "Geoeconomic Imaginations and Economic Geography in the Early Twentieth Century." *Annals of the Association of American Geographers* 103 (4): 944-966. https://doi.org/10.1080/00045608.2011.653740.

Downs, Anthony. 1972. "Up and Down with Ecology-the Issue-Attention Cycle." *The Public interest* 28 (28): 38-38.
Foucault, Michel, Graham Burchell, Colin Gordon, and Peter Miller. 1991. *The Foucault effect : studies in governmentality : with two lectures by and an interview with Michel Foucault*. Chicago: University of Chicago Press.
Glasner, David. 1985. *Politics, prices, and petroleum : the political economy of energy*.*Pacific studies in public policy*. San Francisco, California: Pacific Institute for Public Policy Research.
Graf, Rüdiger. 2014. "Claiming Sovereignty in the Oil Crisis "Project Independence" and Global Interdependence in the United States, 1973/74." *Historical Social Research* 39 (4): 43-69. https://doi.org/10.12759/hsr.39.2014.4.43-69. http://login.ezproxy.lib.vt.edu/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=sih&AN=98496200&scope=site.
Gramsci, Antonio, Quintin Hoare, and Geoffrey Nowell-Smith. 1971. *Selections from the prison notebooks of Antonio Gramsci*. London: Lawrence & Wishart Limited.
Greer, Scott. 2015. "417John W. Kingdon, Agendas, Alternatives, and Public Policies." In *The Oxford Handbook of Classics in Public Policy and Administration*, edited by Martin Lodge, Edward C. Page and Steven J. Balla, 0. Oxford University Press.
Grossman, Peter Z. 2021. "The Four-Decade Quest for an “Energy Independence” Policy: Chasing a Trope Through Time." *Journal of Policy History* 33 (1): 93-110. https://doi.org/10.1017/S0898030620000251.
Huxley, Elspeth. 1968. *White man's country; Lord Delamere and the making of Kenya*. [New]. ed.*Books that matter*. New York: Praeger.
Jann, Werner. 2015. "300Michael D. Cohen, James G. March, and Johan P. Olsen, “A Garbage Can Model of Organizational Choice”." In *The Oxford Handbook of Classics in Public Policy and Administration*, edited by Martin Lodge, Edward C. Page and Steven J. Balla, 0. Oxford University Press.
John, Peter. 2015. "577Frank R. Baumgartner and Bryan D. Jones, Agendas and Instability in American Politics." In *The Oxford Handbook of Classics in Public Policy and Administration*, edited by Martin Lodge, Edward C. Page and Steven J. Balla, 0. Oxford University Press.
Kalt, Joseph P. 1981. *The economics and politics of oil price regulation : federal policy in the post-embargo era*.*MIT Press series on the regulation of economic activity ; 3*. Cambridge, Mass.: MIT Press.
Keefer, Nina Howland; Craig Daigle; Edward C. 2011. *Foreign Relations of the United States, 1969 - 1976, Volume XXV, Arab Israeli Crisis and War, 1973*.*Department of State publication*: U.S. G.P.O.
Kelanic, Rosemary A. 2020. *Black Gold and Blackmail: Oil and Great Power Politics*. Ithaca: Cornell University Press.
Khong, Yuen Foong. 1992. *Analogies at war : Korea, Munich, Dien Bien Phu, and the Vietnam decisions of 1965*.*Princeton paperbacks*. Princeton, New Jersey: Princeton University Press.
Kingdon, John W. 1984. *Agendas, alternatives, and public policies*. Boston : Little, Brown, [1984] ©1984.
Klare, Michael T. 2001. *Resource wars : the new landscape of global conflict*. 1st ed. New York: Metropolitan Books.
Krasner, Stephen D. 1978. *Defending the national interest : raw materials investments and U.S. foreign policy*. Princeton, N.J.: Princeton University Press.
Krebs, Ronald R. 2015. *Narrative and the Making of US National Security*.*Cambridge Studies in International Relations*. Cambridge: Cambridge University Press.
Krishna, Sankaran. 2018. "Postcolonialism and its Relevance for International Relations in a Globalized World." In *Race, Gender, and Culture in Internationl Relations*. Oxford, UNITED KINGDOM: Taylor & Francis Group.

Lifset, Robert D. 2014. "A New Understanding of the American Energy Crisis of the 1970s." *Historical Social Research / Historische Sozialforschung* 39 (4 (150)): 22-42. http://www.jstor.org.ezproxy.lib.vt.edu/stable/24145526.

Lugard, F. D. Sir. 1965. *The dual mandate in British tropical Africa*. [5th ed. London]: F. Cass.

Madureira, Nuno Luis. 2014. "Waiting for the Energy Crisis: Europe and the United States on the Eve of the first Oil Shock." *Historical Social Research / Historische Sozialforschung* 39 (4 (150)): 70-93. http://www.jstor.org.ezproxy.lib.vt.edu/stable/24145528.

Mahoney, James. 2000. "Path dependence in historical sociology." *Theory and Society : Renewal and Critique in Social Theory* 29 (4): 507-548. https://doi.org/10.1023/A:1007113830879.

Mahoney, James, Khairunnisa Mohamedali, and Christoph Nguyen. 2016. "Causality and Time in Historical Institutionalism." In *The Oxford Handbook of Historical Institutionalism*, edited by Orfeo Fioretos, Tulia G. Falleti and Adam Sheingate, 0. Oxford University Press.

Mahoney, James, and Kathleen Ann Thelen. 2010. *Explaining institutional change : ambiguity, agency, and power*. Cambridge ;: Cambridge University Press.

Malm, Andreas. 2016. *Fossil capital : the rise of steam power and the roots of global warming*. London: Verso London.

Masco, Joseph. 2017. "The Crisis in Crisis." *Current anthropology* 58 (S15): S65-S76. https://doi.org/10.1086/688695.

Meadows, Donella H., Dennis L. Meadows, Jørgen Randers, William Behrens, Rome Club of, and Associates Potomac. 1972. *The limits to growth : a report for the Club of Rome's project on the predicament of mankind*. New York: Universe Books.

Meierding, Emily. 2020. *The oil wars myth : petroleum and the causes of international conflict*. Ithaca: Cornell University Press.

Mitchell, Timothy. 2009. "Carbon democracy." *Economy and Society* 38 (3): 399-432. https://doi.org/10.1080/03085140903020598.

Morrissey, John. 2017a. "Geoeconomics in the Long War." *Antipode* 49 (S1): 94-113. https://doi.org/10.1111/anti.12183.

---. 2017b. *The long war : CENTCOM, grand strategy, and global security*. Athens, Georgia: University of Georgia Press Athens, Georgia.

Paley, William S. 1952. *Resources for Freedom: a Report to the President.* U.S. Govt. Print. Off. (Washington).

Peay, J. H. Binford, III. 1995. "Five pillars of peace: A blueprint for achieving peace." *Vital Speeches of the Day*, 1995 Nov 15, 88.

Pfister, Christian. 2010. "The “1950s Syndrome” and the Transition from a Slow-Going to a Rapid Loss of Global Sustainability." In *The Turning Points of Environmental History*, edited by Frank Uekoetter, 90-118. University of Pittsburgh Press.

Pierson, Paul. 2000. "Increasing Returns, Path Dependence, and the Study of Politics." *The American Political Science Review* 94 (2): 251-267. https://doi.org/10.2307/2586011. https://dx.doi.org/10.2307/2586011.

Project Independence blueprint : final task force report[s]. 1974. Federal Energy Administration (Washington).

Qaimmaqami, Linda W., and Edward C. Keefer. 2011. *Foreign relations of the United States, 1969-1976. Volume XXXVI, Energy crisis, 1969-1974 / Linda Qaimmaqami, editor; general editor: Edward C. Keefer.Foreign relations of the United States, 1969-1976, v.36*. Washington: U.S. G.P.O.

Ridgeway, James. 1973. *The last play ; the struggle to monopolize the world's energy resources*. [First edition]. ed. New York: E.P. Dutton.

Rocks, Lawrence, and Richard P. Runyon. 1972. *The Energy Crisis*. New York: Crown Publishers.

Rosenberg, Emily S. 2003. *A date which will live : Pearl Harbor in American memory.American encounters/global interactions*. Durham [N.C: Duke University Press.

Ross, Michael Lewin. 2012. *The oil curse : how petroleum wealth shapes the development of nations*. Princeton, N.J.: Princeton University Press. https://doi.org/10.1515/9781400841929.
Said, Edward W. 1978. *Orientalism*. First edition. ed. New York: Pantheon Books.
Schmitt, Carl. 1985. *Political theology : four chapters on the concept of sovereignty*.*Studies in contemporary German social thought*. Cambridge, Mass: MIT Press.
Solow, Robert M. 1974. "The Economics of Resources or the Resources of Economics." *The American Economic Review* 64 (2): 1-14.
Stern, Roger J. 2016. "Oil Scarcity Ideology in US Foreign Policy, 1908-97." *Security Studies* 25 (2): 214-257. https://doi.org/10.1080/09636412.2016.1171967. http://dx.doi.org/10.1080/09636412.2016.1171967.
Thelen, Kathleen. 2003. "How Institutions Evolve: Insights From Comparative Historical Analysis." In *Comparative Historical Analysis in the Social Sciences*, edited by Dietrich Rueschemeyer and James Mahoney, In Cambridge Studies in Comparative Politics, 208-240. Cambridge: Cambridge University Press.
Tietenberg, Thomas H., and Pierre Toureille. 1976. *Energy planning and policy : the political economy of Project Independence*. Lexington, Mass.: Lexington Books.
Tuathail, Gearóid Ó, and John Agnew. 1992. "Geopolitics and discourse: Practical geopolitical reasoning in American foreign policy." *Political Geography* 11 (2): 190-204. https://doi.org/https://doi.org/10.1016/0962-6298(92)90048-X. https://www.sciencedirect.com/science/article/pii/096262989290048X.
Vitalis, Robert. 2020. *Oilcraft : the myths of scarcity and security that haunt U.S. energy policy*. Stanford, California: Stanford University Press.
Weldes, Jutta. 1996. "Constructing National Interests." *European journal of international relations* 2 (3): 275-318. https://doi.org/10.1177/1354066196002003001.
Yergin, Daniel. 1991. *The prize : the epic quest for oil, money, and power*. New York: Simon & Schuster.