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Reacting to Anticipations: Energy Crises and Energy Policy in the 1970s. An Introduction

Frank Bösch & Rüdiger Graf*

Abstract: »Reaktionen auf Antizipationen. Energiekrisen und Energiepolitik in den 1970er Jahren. Eine Einführung«. Changes in the energy sector cannot be sufficiently described as reactions to past and present energy problems. Rather, politicians and companies alike always react to the anticipation of future challenges. Sharing this assumption, the articles in this HSR Special Issue re-examine the energy crises of the 1970s. Their assessments broaden the temporal and spatial scope of analysis and integrate various energy resources into the picture, while examining how to situate the first and second oil crises within the 1970s and the contemporary history of the industrialized world as a whole.

Keywords: Energy crisis, oil crisis, 1970s, Cold War, Europe, USA, contemporary history.

1. Introduction

For a long time, the history of the second half of the twentieth century has been, above all, the history of the Cold War. The conflict between the global superpowers seems to have determined the epoch’s basic political, economic, and societal features. However, with the Cold War’s increasing historical distance and the simultaneous rise of social, economic, and cultural historiography – as opposed to the classical political – alternative suggestions for interpretation and periodization have emerged.¹ Many historians now construct the 1970s as a crucial transformative phase in the history of Western industrialized countries and, perhaps, even the world as a whole.² Understanding contemporary history not as the consequence of the past but as the antecedent of the present, as Hans Günther Hockerts put it, the 1970s indeed are a good place to start.³ The most salient problems that Western industrialized nations face today – e.g.,

¹ Schwarz 2003.
³ Hockerts 1993, 124.
economic depression and mounting welfare state expenses, international terrorism, energy and the environment – seem to have emerged in this decade. Moreover, the 1970s are in an advantageous position for historical scrutiny. Archives have been recently opened, and most of the currently leading historians were in their youth or young adulthood during this decade, while their PhD students were not yet born or too young to consciously perceive the events.

In many historiographical narratives of the 1970s, as well as in broader public discourse, the first oil crisis in 1973 seems to be a turning point when central aspects of the current political predicament emerged. It is either described as important for the momentous transformations that marked the decade or used as shorthand to refer to the changes. In particular, certain pictures that the oil crisis produced became iconic for the remembrance and historiography of the 1970s. Yet, these pictures vary between countries. In the United States, the oil crisis and, to a certain extent, the decade are commonly illustrated with either cars queuing in front of filling stations or signs saying “sorry, no gas.” This visualization suggests that the oil crisis was a failure of the market or of politicians and the subsequent suffering of consumers. In contrast, the pictures from Germany, Denmark, and the Netherlands that depict empty highways during Sunday driving bans symbolically allude to state efforts to encourage energy savings.

What we commonly describe as the first “oil crisis” consisted of two interconnected processes: the oil price rises implemented by the Organization of Petroleum Exporting Countries (OPEC), which quadrupled the price of oil within a few months, and the coinciding oil embargo and production cuts organized by the Organization of Arab Petroleum Exporting Countries (OAPEC) in order to force Western nations and Japan to assume a more pro-Arab stance in the Arab-Israeli conflict that had turned violent with the Yom Kippur War in October 1973. The standard account commonly describes this oil crisis as a sudden shock to the industrialized countries. It maintains that politicians and the public only then realized the West’s resource and political dependence on the availability of cheap oil that, in the future, would come mainly from the Gulf region. Lumped together as the “oil crisis” in broader histories of the 1970s, these events have been linked to the rising importance of energy as a field of national and international politics, the shifting of global conflict lines, and the economic downturn and depression. The shorter the narrative, it seems, the more importance it attaches to the oil crisis, sometimes describing it as an essential cause of the more general transformations of the 1970s. The oil crisis is used as a metonymy to refer to the change from the postwar economic boom to the economic crisis, from an age of seemingly limitless possibilities to the

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4 Bacevich 2008, 28-43; see the contributions to Jarausch 2008.
6 Yergin 1991; Merrill 2007 for Germany, see also Hohensee 1996.
realization of limits, from euphoric hopes for a better future to expectations of
decline or doom, and from the idea of rational planning of economic and social
developments to pragmatic attitudes of crisis management.

In 1979, another oil crisis led to a global challenge. Suddenly, oil from Iran – which had previously supplied 10 percent of the world’s oil, making it the world’s second largest exporter – almost completely dropped out of the market. In a short period of time, oil prices doubled, reaching a new all-time high. Many academic books stress the importance of the second oil crisis, describing it as a catalyst for another dramatic economic crisis and inflation. Despite its significance, the second oil crisis has remained less salient in the collective memory, at least in Europe, because it seemed like a recurrence of 1973. However, US President Jimmy Carter’s famous “Crisis of confidence” speech made 1979 a symbol for the “great malaise” of the late 1970s in the United States.7

Historians have neither invented any of the abovementioned nor the many other available assessments of how to situate the oil crises within 1970s. Contemporary Western politicians and the media have already used similar terms and interpretations in 1973/74 or 1979/80, while communist propaganda triumphed that the crises revealed the decline of capitalism and the coming victory of communism. It immediately became common among contemporaries to describe the events as “crises” in an analytical sense: as situations in which the pace of historical change seemingly accelerated and two existentially different futures were equally possible; that is, as situations that demanded immediate and fundamental decisions and actions.8 In the aftermath of the first oil crisis, academics and the public already perceived it as an event that would fundamentally influence the development of the industrialized world. For example, at the end of two major conferences on the consequences of the oil crisis organized by the Harvard Center for International Affairs, economist Raymond Vernon admitted that political observers generally tend to exaggerate the significance of the events they experienced. They often turn marginal transformations into major crises, he continued, but “the events in the oil market that drew the world’s attention in the months following October 1973 […] may prove to have a more enduring significance.”9 During and immediately after the oil crisis, many similar judgments were made as the event was scrutinized from various angles. Economists examined its economic causes and impacts, and political scientists analyzed the surrounding political conflicts, rendering the crisis a paradigm case for the analysis of international relations.10 Middle Eastern studies blossomed, and the booming interdisciplinary field of energy and resource studies

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used the oil crisis to justify their examinations of energy production and consumption and their suggestions on how to improve in the energy sector.\textsuperscript{11}

Many of these analyses, not to mention the various government agencies and commissions or the International Energy Agency, contained excellent assessments of the economic, political, social, and sometimes even cultural aspects of the oil crises. As historians, we can turn to them to understand how oil and energy flows were affected, what happened with the petrodollars, and which policies were implemented. Although contemporary experts have agreed on some issues, their opinions concerning the causes, developments, and effects of the oil crises differ widely. Their heterogeneous disciplinary backgrounds and political preferences have caused the disagreement, which is most evident in their responses to the following question: Did the oil crises indicate or foreshadow the coming of oil or even energy scarcity, which would necessitate conservation in the present, or were the crises due to poor and selfish policy decisions that could have been easily overcome if markets were allowed to operate freely?\textsuperscript{12} These differing perspectives still persist today in the debates on “peak oil” and the promise of an allegedly coming energy abundance from new fracking techniques. Thus, in looking back at the 1970s, there is a tendency to share the stance of contemporary observers and reiterate past conflicts in present guises, sometimes using newly available sources.\textsuperscript{13}

This HSR Special Issue tries to avoid this trap, while, at the same time, drawing an important lesson from the continuing debates about energy scarcity and abundance – that is, energy policy making is usually in reaction to the anticipation of future situations. Whereas past experiences and perceptions of current problems do have an influence, the anticipation of future supply constellations is crucial for policy formation and determines what exactly is perceived as a problem in the present. While this anticipatory structure may hold for many policy fields, it is especially salient in energy policy. Changes in the energy sector have particularly long lead times, since the exploration of resources and the construction of pipelines, refineries, and power plants take years and are extremely costly.

With a focus on reactions to the anticipation of future energy situations, the articles in this volume challenge the importance of the first oil crisis as a global turning point.\textsuperscript{14} They do so by extending the perspective on the 1970s energy

\textsuperscript{11} Kramer 2001.
\textsuperscript{12} Vietor 1984, 7; Wildavsky and Tenenbaum 1981, 20; Graf 2014a.
\textsuperscript{13} In some cases, contemporaries continue this debate today; examples include Daniel Yergin, Karl Kaiser, Robert Keohane or Hans Maier. Concerning the general problem, see also Graf and Priemel 2011.
\textsuperscript{14} The papers go back to a conference that was held on the fortieth anniversary of the oil crisis at the Center for Contemporary History (Zentrum für Zeitgeschichte Forschung) at Potsdam in the fall of 2013. The conference was held in cooperation with the Department of History
crises in three dimensions. First of all, most of the articles situate the first oil crisis within a longer time frame, often starting in the 1960s, and then examine the second oil crisis at the end of 1979. Most authors thus reject the dominating perception within historical and public discourse, as they argue that the first oil crisis was neither the sudden and unexpected nor the all-decisive turning point. Secondly, most of the papers focus not on oil alone, but integrate other sources of energy into the picture: coal, nuclear, and gas. This widened perspective does not mean to downplay the essential role of oil in the energy balances of (Western) industrialized countries at the time, but acknowledges that contemporaries also saw other forms of energy as solutions to the crises and that “energy” emerged as a coherent field of knowledge and policy in the 1970s. Finally, in contrast to many allegedly global histories of oil, which deal with only Western industrialized countries (especially the United States and Britain) and parts of the Middle East, this volume bridges the East-West divide. Some papers examine the consequences of the energy crises for not only Eastern Europe but also the history of the Cold War, thereby, shedding new light on this major paradigm of postwar historiography. Since it has been common sense for both contemporaries and historians to describe oil as a globally traded good, the volume questions how “global” the transnational flow of oil and, thus, the oil crises truly were.

2. Temporal Scope and Periodization

In contemporary history, the 1960s are commonly perceived as a decade of economic boom and high hopes for a future of prosperity and abundance in Western Europe and the United States. Moreover, the 1960s and early 1970s were characterized by a belief in rational socio-economic planning, which allegedly lost its appeal as financial problems grew after 1973. While many contemporaries of the 1960s indeed expressed visions of a coming era of abundance, others saw warning signs that the energetic foundation of these visions might not be as stable and secure as commonly assumed. As Elisabetta Bini and Henning Türk argue, the Suez Crisis of 1956 and the failed embargo of 1967 in the wake of the Six-Day War were perceived as warning signs that political upheavals might interrupt the flow of oil. Yet, the embargo also left the OECD countries with a seeming reassurance that precautionary measures and the United States’ spare production capacity would make it easy to deal
with supply crises. In this constellation, it was not so much the rising claims of the producing countries to acquire “permanent sovereignty over their natural resources” that were worrisome, but rather the energy problems in the United States which led to a loss of domestic spare production capacity and, thus, their ability to help their European allies in times of crisis. As Robert D. Lifset argues, the energy crisis in the United States stemmed from a combination of problems in the oil, natural gas, and utility sectors, all of which occurred independently of the actions of OPEC and OAPEC in the fall of 1973. Thus, the restructuring of US energy policy started before the actual oil crisis, and the same is true for Western Europe, where energy experts learned of the United States’ mounting energy problems and the impending loss of its spare production capacity at a meeting of the OECD’s High Level Group Oil in January 1970.

Companies also started to anticipate problems in the oil sector. As Jonathan Kuiken shows, in the late 1960s, BP and Shell already started to warn the British government of increasing demands within the producing countries to control production and price. Their admonitions, together with the government’s positive expectations of the North Sea Oil, led the United Kingdom to overhaul its energy policy before the oil crisis. Also anticipating difficulties in the oil and energy supply in the late 1960s, the German chemical companies BASF and Hoechst developed plans to construct their own nuclear power stations in order to secure their energy needs independently. Moreover, before the oil crisis, East-West energy trade intensified, as Frank Bösch, Jeronim Pérovic, and Dunja Krempin show. On the one hand, they acknowledge that East-West trade was part of a conscious Western strategy to overcome the dividing lines of the Cold War by fostering commerce and communication. On the other hand, they also show that the trade came out of economic necessity in the East and a Western strategy to diversify energy imports in order to reduce dependence on the Middle East. The brief embargo after the Six-Day War in 1967 already served as a major argument for West German politicians to cooperate with the Soviet Union, as Frank Bösch shows.

These early anticipations of a coming energy crisis did not mean that the countries were well prepared for the events unfolding in October of 1973. Even taking into account that changes in the energy sectors could not be introduced in a short timeframe, the transformations in Western Europe and the United States turned out to be tedious and were hampered by differing interests and

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17 Lippert 2011.
expectations for the future. Mogens Rüdiger argues that there was hardly any preparation in Denmark, and Henning Türk shows why the OECD crisis mechanism was ill-suited for countering the measures implemented by OPEC and OAPEC. Diverging from the mainstream perspective in this HSR Special Issue, Nuno Madureira describes the structural obstacles to anticipating an event such as the oil crisis. In particular, he concurs with David Painter that the outbreak of the Yom Kippur War was not and, perhaps, could not be foreseen in the West. Thus, at least the exact timing of the oil crisis took everybody by surprise. Moreover, the oil price increases presented a situation that stood in stark contrast to the price stability that had been experienced over the previous decades. As there were virtually no studies on the price elasticity of the oil demand, it was consistently overestimated, and OPEC’s capacity to raise the price was thus underestimated. Anticipations that OPEC would not be able to raise the price very much without risking the cartel’s unity dampened the perceived need to restructure the energy sectors away from oil.

In the second half of the 1970s, oil prices stabilized and even went down. Therefore, in 1977/78 many contemporary politicians believed they had managed to cope with the crisis. Changes in the energy sector that accelerated after the first crisis, such as energy savings or the development of renewable forms of energy, were no longer seen as urgent. Oil consumption increased again, and the construction of nuclear power plants seemed to be an easy way out of the energy crisis. In 1979 it became clear that this was an illusion. Protests against nuclear power gained strength after the accident at the Three Mile Island power plant near Harrisburg, Pennsylvania. The accident quickened the halt of constructing new power plants in the United States and fuelled the growing distrust of nuclear power, which intensified again after the Chernobyl accident seven years later. At the same time, the second oil crisis in 1979 suggested that the sudden rise in energy costs due to the political conflicts in the Middle East six years before had not been just an accident, but would remain a constant danger into the future. Not without justification, many analyses argued that the economic consequences of the second oil crisis would be much worse than those of the earlier one. In 1982, economic growth was at its lowest since WWII. Even in countries with a strong economy, such as West Germany, the recession was worse than the one that followed the 1973 crisis. While many consumers thought energy problems belonged to the past, the second oil crisis suggested that a sufficient, low-cost energy supply would be an enduring challenge and

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18 See the articles by Jonathan Kuiken and Rüdiger Graf in this HSR Special Issue.
energy conservation would still be necessary. Discussions of measures that had been brought up in 1973/74 now intensified. Economic developments and political measures led to a decrease in oil consumption in the major industrialized countries in the 1980s, and other sources of energy gained importance, even though oil continued to be the most important primary fuel. Moreover, the political consequences of the second oil crisis were substantial. In its wake, many governmental administrations were flushed away, and the economic policies of the new governments, such as that of Thatcher, Reagan, and Kohl, were also designed to overcome the crisis’ consequences, targeting inflation, especially. As André Steiner’s article shows, socialist countries also experienced significant consequences. In particular, high energy prices intensified the production of brown coal, leading to fundamental economic and environmental problems. The International Energy Agency, which had been established after the first oil crisis to prevent future energy crises, could do nothing in the face of increasing prices at the spot markets. Therefore, the second oil crisis also stands as a warning that the next crisis always differs from the preceding and can be neither fully anticipated nor prevented.

3. Energy Studies and the Self-Reflexivity of the “Anthropocene”

In the 1970s, energy emerged as a coherent field of knowledge and policy. Since the late nineteenth century, there had been attempts to describe societies in terms of their energy use. From the interwar period to the 1970s, experts met regularly at World Power Conferences, but, by and large, experts and administrators dealt with specific types of energy separately. With the energy crises, however, the need for a unified perspective on national and global energy balances intensified. Newly founded journals, such as Energy Policy (1974), Resources Policy (1974), and the Annual Review of Energy (1976), created a forum for interdisciplinary scholarly discourse on energy. Simultaneously, governments developed comprehensive energy programs and reorganized energy related competences, sometimes establishing departments of energy. Using Paul Crutzen’s notion of the Anthropocene, or the current epoch, in which the human use of fossil fuels has severely impacted the earth’s ecosystem, one might say that, in the 1970s, the Anthropocene became self-

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22 Black 2014, 264.
23 Unander 2004, 35.
24 The coincidence of these changes (and many others) in 1979 is discussed in Bösch 2012.
25 Transactions of the World Power Conference 1ff (1924ff); Zachmann 2012; Graf 2012.
26 See, for example, “Unterrichtung durch die Bundesregierung” 1973 or the U.S. Department of Energy, which was founded by the Carter Administration.
reflexive. Discussions on human energy use and “social metabolism,” as well as the more innovative environmental history that deals with the complex human-nature interactions, emerged from the decade’s debates on the needs to diversify energy supplies and limit the negative environmental impacts of energy consumption.

The oil crises established a new transnational knowledge of energy. However, countries reacted to the crises differently, depending on their respective energy balances, their amount of domestic energy resources, cultural traditions, and political systems. This volume analyses the specific national reactions of the United States, Western Europe, and two major communist states, the German Democratic Republic (GDR) and the Soviet Union. While oil was the dominant fuel in the OECD countries in the early 1970s, in anticipation of and reaction to the first oil crisis, they attempted to diversify their energy supplies by importing smaller portions of oil from a greater number of countries and increasing shares of other forms of energy. This diversification strategy, which contemporaries dubbed “coconuke” for “coal, conservation, nuclear energy,” has been scrutinized extensively by previous political science literature. The papers in this volume do not examine the short-lived attempts to revive coal, nor do they focus on energy conservation. They approach the energy issue from the perspective of production, rather than consumption.

Nevertheless, nuclear energy, which contemporaries believed to be the most important form of energy for the future, plays an important role in Christian Marx’s article. Concentrating on failed nuclear power station projects, Marx demonstrates the difficulties that the expansion of nuclear energy faced in many countries. Mogens Rüdiger stresses the development of wind energy in Denmark. Moreover, Robert D. Lifset, Frank Bösch, Jeronim Pérovic, and Dunja Krempin concentrate on natural gas, which is often overlooked, but was essential not only in the attempts to overcome the energy crises but also to intensify East-West trade. It was also seen as a cleaner alternative to oil. By integrating these other sources of energy into the discussion, as well as examining the broader reconfiguration of knowledge systems and energy policies, it becomes obvious that we have to speak of the energy – rather than the oil – crises.

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27 Mauelshagen 2012.
28 Concerning the “social metabolism,” see the work by Marina Fischer-Kowalski and her colleagues at the Institutes for Social Ecology at Vienna: <http://www.uni-klu.ac.at/socec/inhalt/1.htm>; Radkau 2000, 14; Sieferle 1994, 248.
29 Yergin 1982, 8; Haftendorn 1986, 48f.
30 Düngen 1993.
31 For a different perspective, see Nye 1998; Möllers and Zachmann 2012.
The energy crises were both transnational and truly global phenomena. As André Steiner points out, despite its reliance on oil from the Soviet Union, the German Democratic Republic was deeply affected by the oil crises, although differently than its Western counterpart. Like Pérovic and Krempin, he argues that the Soviet oil price increases had a negative effect on the GDR’s economy and strained relations in the Eastern bloc. This was not unlike the straining of the transatlantic alliance over the energy issue in the 1970s. In an era of détente, Western European governments, especially, attached more significance to energy security than to upholding the East-West divide, as Elisbetta Bini shows for the case of Italy and Frank Bösch for Germany. In fact, many contemporaries prematurely maintained that the Cold War was about to be substituted by an age of resource conflicts between an industrialized, but resource-poor North and a resource-rich South. However, the challenge to the Cold War order remained short-lived and, by the early 1980s, bloc confrontation intensified again. David Painter’s main contention is that the Cold War cannot be properly understood without taking oil into consideration. He scrutinizes the importance of oil in the formation of the Cold War order from Nixon to Carter, the latter of which established the doctrine that any attempt to change the balance of power in the Persian Gulf would be considered an attack on the United States’ vital interests. However, it is striking that cooperation in energy matters remained a bridge between Western Europe and the Soviet Union, even during harsh conflicts, such as the Soviet invasion of Afghanistan and the NATO Double-Track Decision in 1979.

In a broadened view of the international order of the 1970s, the energy crises show both increasing attempts to cooperate internationally and the persistence of energy security as a concern in national politics. In his analysis, Henning Türk deals with the International Energy Agency, the most salient new international organization, which sprang from not only the attempts of Western industrialized nations to overcome the energy crisis but also Henry A. Kissinger’s desire to bring European allies in line and secure US hegemony. Similarly, Elisabetta Bini describes the Italian initiatives to create a multilateral dialogue that included the producing countries which did not prevent the Italian government from competing with other European countries for bilateral deals to secure its oil supply. Despite the explicit avowals of multilateral cooperation

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32 Bergsten 1973; Schulz and Schwartz 2010; Graf 2011.
33 “One, two, many OPECs” 1974.
34 See also Horowitz 2005.
35 See also Rüdiger Graf’s contribution in this HSR Special Issue and Graf 2014b, 297-308.
and the importance of multinational oil companies, particularly in sharing the burden of the embargo and production cuts, the transnational oil crisis created, above all, a moment in which governments tried to achieve energy security for their own countries, even at the expense of others. Tellingly, the countries of the European Communities did not achieve meaningful cooperation in the field of energy and could not even maintain a common position at the Washington Energy Conference in February 1974.36

While this HSR Special Issue bridges the East-West divide and includes Eastern European perspectives that are often left out of the history of oil, it does not include articles on the producing countries in the so-called Third World. As Nuno Madureira argues and other papers show, the industrialized world had limited knowledge of the producing countries in the 1970s. For many Western observers, OPEC appeared to be a black box. That is, the outcome of its decisions could be seen only when they were announced; they could be neither anticipated nor influenced. As the German ambassador to the international organizations in Vienna explained in 1973,

This, in comparison to other international organizations’ very restrictive information policy, demonstrates the difficulties of the diplomatic missions in Vienna to acquire ‘inside information’ from OPEC […] This ‘wall’ can be overcome only by personal and social contacts, targeting the more open members of the OPEC secretariat, which requires a lot of time and perseverance.37

While it may be regrettable that many of the papers in this HSR Special Issue are in a similar position with respect to OPEC’s internal decision-making processes, their focus on the anticipation of and reactions to the energy crises in the First and the Second Worlds makes this excusable.

Altogether, this HSR Special Issue shows how fruitful it can be to integrate energy history into more standard narratives of contemporary history. In some way, every meaningful historical action and event depends on energy flows. That everything is connected to energy, however, does not imply that energy is always the best angle from which to analyze certain actions and events. Despite their focus on energy, the papers, thus, avoid the temptation to turn energy into the central element that explains everything that happened in the 1970s. They do not use catchy terms like “high-energy societies” or “hydrocarbon men,” which have little explanatory value and often obfuscate more than illuminate the processes under scrutiny. Instead, the papers integrate energy into a history of politics, economics, and international relations. Moreover, they analyze the dominance of fossil fuels in the energy regime of the nineteenth and twentieth

36 Möckli 2009, 252-79; Tauer 2012; Gfeller 2012 and the contributions by Henning Türk and Rüdiger Graf in this HSR Special Issue.
centuries, the consequences of which are discussed intensely in the present-day search for a more sustainable energy regime.

Special References

Contributions within this HSR Special Issue

The Energy Crises of the 1970s.

Anticipations and Reactions in the Industrialized World


References


