The 1970s Oil and Energy Crises

Explain the cause(s) or the story behind the recession.

In the early 1970s, the Americans oil comsumption has been risen as the domestic oil production was decreasing. So the Americans were mostly rely on foriegn oil. Then there was a conflict between the United States and Arab about different perspective of politics. As a result, there was a decision to boycott America and penalize the West that they support Israel in the Yom Kippur war against Egypt by rising the price of crude from 3 $ to 12 $ per barrel. This incident causing transportation to become very expensive and causing fuel shortages in the America. There were many measures by the government to help with this situation in the affected countries. The oil embargo was lifted in 1974 but the price is still high throughout the decade. In 1979, the United States has suffers from the wake of the Iranian Revolution. The new Iran government continuous to export oil but the amount was unstable and at a lower volume, which causing the price to go up. The OPEC nations try to balance the situation by increasing the production but because of the panics, which causing price to become far higher than it should be. The prices of oil is about 30 $ per barrel in the end of the 1970s.

What happened to GDP (or growth rate), unemployment, and inflation of affected counties?

In 1973, oil crisis caused a decreases in GDP by approximately 4.7 % in U.S., 2.5 % in Europe, and 7 % in Japan. While 1979 crisis drops the world GDP by about 3 %. The unemployment rate didn't fluctuate as much, it kinds of remain at the same rate as before. The inflation rate is increase due to a significiant increases in prices of oil.