

# Global Oil Price Crisis



## PROBLEMS

### Decreased in supply

Since oil provides the main source of energy for advanced industrial economies, an oil crisis can endanger economic and political stability throughout the global economy.



### Increase inflation

Oil price increases are generally thought to increase inflation and reduce economic growth



### Eroded the export earnings of OPEC states

With the global capitalist economy already experiencing difficulties, these actions precipitated a steep recession



### The price of oil per barrel

First doubled, then quadrupled, imposing skyrocketing costs on consumers and structural challenges to the stability of whole national economies



## CAUSES

Large shifts in either demand or supply of oil



### Domestic problems in supplier countries

- Political conflict
- Lack of investment in the oil industry



Periods of rapid economic growth in major importing nations



### The Iranian Revolution

Oil industry, leading to a large loss of output and a corresponding rise in prices



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