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WATCHING GOVERNMENT: LESSONS FROM 1973 OIL CRISIS

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By [Nick Snow](#)

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Lessons from 1973 oil crisis

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Richard Fairbanks was associate director for energy and natural resources at the White House Domestic Council. James R. Schlesinger was chairman of the US Atomic Energy Commission. James J. Tozzi was environmental chief in the White House Office of Management and Budget.

Their basic message was this: Before you can understand why a decision was made, you have to recognize the full range of events that were occurring at the time.

Tozzi noted that price controls did not begin with oil, for example. A Congress controlled by Democrats passed the Economic Stabilization Act in 1971, never expecting a Republican president to use its authority, he said. It was US Sec. of the Treasury John B. Connelly who suggested that Nixon freeze prices as a way to stop inflation and, incidentally, help the president's 1972 reelection campaign, Tozzi said.

"You have to understand it wasn't just the administration demanding price controls," he added. "Both sides of the aisle in both houses of Congress clamored for them." When Nixon decided to remove them in late-1973, he kept controls in place on oil because those prices were shooting upward in the Arab oil embargo's wake, Tozzi said.

Broadened energy R&D

Nixon had established a substantial energy policy legacy by then. Schlesinger said the president broadened energy research and development beyond nuclear power, where it had been confined since the 1950s, and formed an oil policy office in 1973. He eventually established the Energy Research and Development Administration, which was folded into the new US Department of Energy in 1977.

Fairbanks pointed out that Congress passed a one-sentence bill authorizing construction of the Trans-Alaska Pipeline System about the same time after Vice-President Spiro T. Agnew broke a 49-49 tie with his vote for it.

Congress clearly was responding to soaring oil prices in 1973. Thirty-eight years later, another Congress responded to another oil price spike by letting US Outer Continental Shelf drilling moratoriums expire. An obvious question is whether voters will demand federal approval of the proposed Keystone XL pipeline project if oil prices jump again in 2012. It's another election year, after all.