

My Part in the Oil Crisis (1973)

Mike Livesey

The death of Sheikh Ahmed Yamani on 23rd February 2021, at the age of 90, brought back a vivid memory of my involvement with OPEC in 1973.

In early 1973, Price Waterhouse (PW, the international accountancy and consultancy firm) was approached by OPEC (the Organisation of Petroleum Exporting Countries) to develop a questionnaire for their members to help determine future policy. The Saudi Arabian oil minister, Sheikh Yamani, was a senior minister in OPEC, headquartered in Vienna, and was very much the driving force behind the reasons for this questionnaire as he was of the opinion that OPEC members were under-pricing and over-producing their oil to the great benefit of the developed Western nations.

The task of developing the questionnaire was allocated to the PW Houston, Texas, office because of their knowledge and expertise in the oil industry. Once the agreed draft was completed, the author brought the document to the Frankfurt am Main, (then W Germany) office, where I was working, as this was the closest office to Vienna with its own large printing department.

I was asked to work with the author to proof-read the document and replace any “Americanisms” with “English English” and manage the printing process. There was a very tight timetable giving us only three days to complete the task and then print and bind 100 copies of what was an 80 page document. At that stage, the senior partner informed me I would be taking these to Vienna to hand directly to Sheikh Yamani. The questionnaires were packed into a large suitcase which I had to check in as hold baggage, incurring a very substantial excess baggage charge!

On arrival in Vienna I was met by Grizelda Carey from the PW office who accompanied me, and the suitcase with its confidential contents, to OPEC headquarters, for my pre-arranged appointment with Sheikh Yamani. My instructions were to personally deliver the questionnaires to Sheikh Yamani and obtain a signed receipt. I was ushered into a magnificent, huge office and received a friendly welcome. Although undoubtedly very busy, Sheikh Yamani chatted with me for about fifteen minutes, asking about the production of the questionnaires. I found him very amenable and interesting to talk with. I left with the precious receipt and enjoyed a couple of days in Vienna, courtesy of PW and OPEC, and thought no more about the questionnaire.

It was in the October of that year that OPEC members, led by Saudi Arabia, proclaimed an oil embargo. This was targeted, initially, at those countries perceived as supporting Israel during the Yom Kippur war, which had just ended. Canada, Japan, the Netherlands, UK and USA were the initial targets, later extended to Portugal, Rhodesia and South Africa. In line with the main policy posited in the questionnaire, from October 1973 to February 1974, when the embargo was lifted, the OPEC countries cut production and raised prices by almost 300%. The initial “shock” resulted in severe oil shortages across the globe, not just in the targeted countries, reflected in petrol rationing and, in W. Germany, for some time, a ban on most private cars using the roads on Sundays. For me, that meant two trains and a taxi to reach my Sunday afternoon tennis sessions, taking 90 minutes versus a usual car journey of 20 minutes!

I have always thought, was I hoisted on my own petard, that my “anglicising” and improving of the questionnaire wording provided answers from the OPEC members which fuelled the decision to impose the embargo and resulted, among other (more important) consequences, in my Sunday journeys and those of many others in Germany, being far more onerous than before the “shock”?

With Sheikh Yamani's death, that is a question I can never ask of him.

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