Petroleum is the world’s most important energy resource. Industrialized nations such as the United States depend on petroleum oil for transportation, consumer products, and to power their factories. Developing nations such as China and India require an increasing share of the world’s oil production as their nations industrialize. Some nations have a great deal of petroleum reserves, while other nations have none.

More than forty percent of the world’s oil reserves are spaced unevenly among the nations of the Middle East and North Africa. America’s relationship with the Middle East and North Africa has changed since the discovery of oil in the region. In 1960, many of the oil producing nations agreed to form a cartel. A cartel is an international organization formed to regulate prices and production. The cartel is called OPEC, an acronym for Organization of Petroleum Exporting Countries. O.P.E.C. increased oil prices by 70% in 1973. As a result, American gasoline prices more than doubled and people waited for gasoline in lines sometimes over a mile long.

Oil has changed the Middle East and North Africa. Many leaders in the region have used the wealth from oil to modernize their nations, while others kept the wealth or used it to buy weapons and build armies. Saddam Hussein, who ruled Iraq from 1979 to 2003, was an example of a dictator who used his nation’s oil wealth to build a military force that brutalized the citizens of Iraq and Iraq’s neighbors.

Petroleum is a non-renewable resource, so oil-producing nations must prepare for a time when their petroleum wealth no longer exists. Experts believe the price of oil will continue to rise as supplies are exhausted in easily accessible areas. The world will likely prepare for the exhaustion of petroleum reserves by switching to other sources of energy. Bahrain is a small nation in the Persian Gulf that used its oil wealth to develop a diversified economy. A nation with a diversified economy depends on many industries for its wealth. Today, Bahrain has little oil left, but the nation developed into a commercial and financial center.

**Answer in complete sentences**

*1. What is a cartel?*

*2. If you could limit the supply of a vital resource like water or energy, would the price increase or decrease? Explain why.*

*3. How do you think oil-producing nations prepare for the day when oil runs out?*

*A higher order learning question. I will accept any reasonable answer.*

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