

The Department's role in the crisis was to calm the oil market, reassure the public and inform the press on energy issues, enhance energy coordination with United States trading partners and especially with the International Energy Agency (IEA), and stimulate energy conservation and domestic energy production.

The Department's response to the August 2 invasion was immediate. The Energy Information Administration began distributing a daily oil-supply report. The Department established close liaison with other federal agencies, the IEA, and NATO. Departmental policy makers decided to maintain the existing schedule for completing the National Energy Strategy. Any short- or mid-term proposals developed to deal with the gulf crisis, however, would have to be consistent with the completed National Energy Strategy.¹⁸⁸

On the day of the invasion, Admiral Watkins declared that oil supplies were adequate to meet current demand. World inventories, he added, were high. Other departmental officials emphasized that there was no threat to oil availability and no "supply-and-demand" reason for price increases. Iraqi and Kuwaiti production, nonetheless, constituted some 4.3 million barrels per day, or approximately 9 percent of the daily consumption of the "free world." Spot prices on crude oil thus rose rapidly, as did domestic gasoline prices. On August 6, the Departments of Energy, Justice, and Transportation expressed "concern" with the price increases. "We at DOE," noted Deputy Secretary Moore, "have no authority to dictate prices, nor should we, but we do have a responsibility to the American public to monitor and report market trends." Three days later, Watkins met with representatives of oil-producing and -consuming industries. They discussed ways to counter the Iraqi-Kuwaiti oil losses, and Watkins asserted that the crisis was the Department's "top priority."¹⁸⁹

On August 15, Watkins and Moore held a news conference to announce plans developed by the Department to increase oil production and decrease consumption. In attempting to, in Watkins' words, "essentially finesse" the

4.3 million barrels-a-day production loss, the secretary said that oil producers had agreed to increase production on Alaska's North Slope by 50,000 barrels per day. He also anticipated incremental production increases from other domestic fields. Watkins noted, in addition, that the President had asked other nations, including Saudi Arabia, the United Arab Emirates, and Venezuela, to increase production. On the conservation side, Moore urged Americans to reduce gasoline use by increasing tire pressure, observing the speed limit, using more efficient automobiles, and joining car pools.¹⁹⁰

The following week, the Department, after sustained internal debate, recommended that the United States draw down its strategic reserves. The Strategic Petroleum Reserve consisted of 590 million barrels of oil stored in Texas and Louisiana. This was an amount equal to approximately three months of oil imports. The Department argued that a drawdown would steady prices and calm public fears of shortages. The White House, however, rejected the recommendation. White House Chief of Staff John Sununu and Office of Management and Budget Director Richard Darman opposed a drawdown, according to the *Wall Street Journal*, because the oil supply situation was not drastic enough to warrant such a dramatic step. A drawdown without a physical shortage of oil was unacceptable because it would involve price-rigging and tampering with the market.¹⁹¹

The Department, nevertheless, continued its efforts to increase production and decrease consumption. On August 29, the Department sent proposals to the White House for tax credits for alternative energy investments and for opening the Arctic National Wildlife Refuge in Alaska for oil exploration. Two days later Watkins announced that the Department would begin a nationwide energy conservation campaign ("Do Your Part. Drive Smart"). On September 13, the secretary presented the Senate Energy Committee with a list of "medium-term" actions the Department planned to take over the next eighteen to twenty-four months. These included expediting production