

ABSTRACT

In preparing this thesis an investigation has been carried out of the impact of the 1973 Oil crisis on the economies of eight selected nations.

Economic theory and econometric analysis are applied to determine a nation's ability to absorb an exogenous economic shock. An equation is formed relating international reserves to other economic variables, e.g. the current account balance, direct foreign investment, oil imports and exchange rates, during the period 1968 to 1976. Data pertaining to eight selected countries, of varying economic strength and dependence on imported oil, have been applied in the equation.

It has been concluded, on the basis of empirical evidence including available references from the literature, that the several economies could strengthen their reserves positions by an expansion and diversification of their export markets, improved management of direct foreign and direct domestic investment, and a general stabilization of economic growth.