THE POLITICAL ECONOMY OF OIL

The course contains three elements:

(a) a historical survey of the rise of the oil industry;
(b) key concepts and analytical frameworks for understanding the political economy of oil;
(c) case studies of individual countries and companies.

INSTRUCTOR: Peter Rutland, prutland; tel. 2483; office PAC 203, office hours M,W 10.30-12.00.

ASSESSMENT: Out of 100 points

1) Critical review of some aspect of Yergin’s The Prize, 3-4 pages, due Feb 15. [15 points]
2) Summary and critique of one of the oil blogs listed on p. 6, 2-3 pages, due Mar 1. [5 points]
3) Case study of one oil-producing country or company, 4-6 pages, due Apr 5. A sign-up sheet for assigning these cases will be circulated in class. [20 points]
4) Final paper on a different topic from the case study, 8-10 pages. Outline due on Apr 12, final paper due 4.00 pm on May 15. [30 points]
5) A presentation either on your case study or on some aspect of your final paper, in the form of a 10 minute i-movie. You will be trained in this format on April 10. [15 points]
6) There will be two formal debates, each with four participants. People who volunteer for the debate are exempt from making the imovie presentation, unless they choose to do both. [15 points for the debaters]
7) Class participation and weekly quizzes on the reading. Each quiz will have 1 point for a correct answer, exceptionally 2 points may be given. Also extra credit for 1-2 page reports on outside lectures. [15 points]

Books to buy:

Daniel Yergin, The Prize. The Epic Quest for Oil, Money and Power (1991)

All the articles listed on the syllabus are available on the course’s Wesfiles page. * means required reading.

Relevant academic journals:

Oil and Gas Journal
Energy Policy
OPEC Energy Review
Energy Journal

Tiresome rules

Unexplained absence from three classes will be treated as withdrawal from the course.

Plagiarism, i.e. using material that you did not write and without clear attribution to the source, will be punished.

Students are allowed to use lap tops in class on the understanding that they will never be used for non-class related emailing or web surfing.

Don’t ask for extensions, it is unfair to the other students.
THE HISTORY OF OIL (1870-1945)

The dramatic story of the oil industry’s rise as told by Daniel Yergin. This week: 1870-1945. Oil as a commodity, the emergent industrial structure, its strategic implications.

* Daniel Yergin  
  * The Prize. The Epic Quest for Oil, Money and Power (1991) parts I and II, but esp. chs.1, 2, 6 and 9.
  * Daniel Yergin  
    * The Prize (PBS 1992 documentary) pts 1-4.
  * Yaw Yeboah (PSU)  
    * Notes on Yergin’s Prize
    * How to make gas from crude oil (video 2005)
    * How crude oil is refined (video 2007)

THE HISTORY OF OIL (1945-1973)

Yergin’s story continued, 1940-1970. Oil is inextricably connected to US hegemony, until it is challenged by the rise of OPEC.

* Daniel Yergin  
  * The Prize (1991) parts III-IV, esp ch 21-23
  * Yaw Yeboah (PSU)  
    * Notes on Yergin’s Prize
  * Toyin Falola & Ann Genova  
    * The Politics of the Global Oil Industry ch. 4
  * Francisco Parra  
    * Oil Politics: A Modern History of Petroleum (2009), chs. 1-6
  * Theodore Moran  

Friday Feb 15  
FIRST ASSIGNMENT due.

A critical review of some aspect of Yergin’s The Prize, or one of the other sources in the syllabus thus far. 3-4 page paper emailed to the instructor as a Word attachment by 4.00 pm.

KEY CONCEPTS IN PUBLIC CHOICE THEORY

A review of some concepts which are useful for this course. Some of you will know them already, some will not. Learn about public goods, the free rider problem and the logic of collective action.

* Mancur Olson  
  * The Logic of Collective Action (1971) part 1
  * Russell Hardin  
    * ‘The free rider problem,’ Stanford Encyclopedia of Philosophy
  * Garrett Hardin  
    * ‘The Tragedy of the Commons’ (1968)
  * Wikipedia  
    * Public good, Tragedy of the Commons, Prisoner’s dilemma

THE RESOURCE CURSE

Are natural resources a curse or a blessing for (a) economic development and (b) democracy? A survey of the literature that looks for patterns across multiple country cases. What can countries do to mitigate the impact of the ‘resource curse’? Read at least one of the following articles:

* Terry Lynn Karl  
  * ‘The perils of the petro-state,’ Journal of International Affairs, 53: 1, fall 1999
  * Michael L. Ross  
    * ‘The political economy of the resource curse,’ World Politics, 51:1 1999 297-22
    * Does oil hinder democracy?’ World Politics, 53: 3, 2001, 325-361
  * Michael Ross  
    * The Oil Curse: How Petroleum Wealth Shapes the Development of Nations ‘12

Continued……..
Week 5
Feb 25

THE RESOURCE CURSE (continued)

In-class formal debate on the topic:
“Oil does more harm than good to a country’s development prospects.”

Week 5
Feb 27


More Yergin. Shifts in the structure of the industry, the crisis of the 1970s, the 1990 Gulf War.

* Daniel Yergin
* Francisco Parra
* Robert Baer

* The Prize. The Epic Quest for Oil, Money and Power (1991) part V.
* Oil Politics: A Modern History of Petroleum (2009), chs. 7-17

Friday March 1.

SECOND ASSIGNMENT due.

2-3 page summary and critique of one of the oil blogs listed on page 2 of the syllabus.
Email to the instructor as a Word attachment by 4.00 pm.

Week 6
Mar 4-6

PEAK OIL AND OIL ADDICTION

Peak oil is often pitched as a geological fact, but it is embedded in assumptions about economic and political behavior. Is it a useful concept – or a misleading one?

* David Biello
* James Murray & David King

* Has petroleum production peaked? * Scientific American, 25 Jan 2012
* Oil’s tipping point has passed,* Nature 26 Jan 2012

Al Jazeera
Post-Carbon Institute
Laurel Graefe
Roger Howard
John Duffield &
Charles Hankla
Kenneth Deffeyes
Roland Horne
Swiss TV
Gregory Greene

* Oil in perpetuity no more (video) 21 February 2012.
* ‘Peak oil and strategic resource wars,’ The Futurist 43: 5 (Sep-Oct 2009) 18-21
* ‘The efficiency of institutions: Political determinants of oil consumption in democracies,’ Comparative Politics 43:2 (2011) 187-205
* Hubbert’s Peak: The Impending World Oil Shortage (2003)
* The Future of Oil (Stanford University lecture, Oct 2008)
* Understanding Peak Oil (2006)
* The End of Suburbia (2004)

http://peakoldebunked.blogspot.com/
http://www.peakoil.net/

March 9-24

SPRING BREAK
Week 7  
Mar 25-27  
THE STRUCTURE OF THE OIL INDUSTRY  
How has the structure of the industry changed since the 1970s?  
What is the relationship between the oil majors and the US government?  
* Stephen Coll  
  Private Empire: Exxon Mobil and American Power (2012)  
* Toyin Falola & Ann Genova  
  The Politics of the Global Oil Industry chs 1, 2  

Week 8  
Apr 1-3  
NATIONAL OIL COMPANIES AND RESOURCE NATIONALISM  
What is the relationship between the oil majors and host countries? What are the goals of the national oil companies?  
* Toyin Falola & Ann Genova  
  The Politics of the Global Oil Industry ch. 3  
* Tina Rosenberg  
* Paul Stevens  
  ‘National oil companies and international oil companies in the Middle East,’  
* Robert Pirog  
  ‘The role of national oil companies in the international oil market,’ CRS Report for Congress (Aug 21, 2007)  
* Jenik Radon  
  ‘The ABCs of petroleum contracts,’ in Tsalik/Schiffrin, Covering Oil, 61-86  
* Alexandra Gillies  
  ‘Reputational agendas and the emergence of oil sector transparency as an international norm,’ International Studies Quarterly, 54: 1, March 2010, 103-26  
* Nat. Bur. Asian Research  
  ‘The rise of Asia’s national oil companies,’ NBR report #14, Dec 2007  
* Ian Bremmer & R. Johnson  
  ‘The rise and fall of resource nationalism,’ Survival, (2009) 5:2, 149-58  
* Nat. Bur. Asian Research  
  ‘Asia’s rising energy and resource nationalism?’, NBR report #31, Sept. 2011  

Friday Apr 5  
Third assignment due.  
Country case study. 4-6 page paper emailed to prutland by 4.00 pm.  

Week 9  
Apr 8  
THE ENVIRONMENTAL IMPACT OF OIL  
How can society mitigate the ecological impact of oil and force companies to bear the costs?  
* Toyin Falola & Ann Genova  
  The Politics of the Global Oil Industry ch. 6  
* David Waskow  
  ‘The environmental, social and human rights impact of oil development in Tsalik and Schiffrin (eds.) Covering Oil (2005) 101-28  
* Jose Pineda & Francisco Rodriguez  
  ‘Curse or blessing? Natural resources and human development,’  
  Human Development Research Paper, 2010/4  
* Lynn Corn & Claudia Copeland  
  ‘The Deepwater Horizon oil spill,’ CSR Report for Congress 10/15/10  
* Crude (2009)  
  (Documentary about Amazon natives’ lawsuit against Texaco/Chevron)  

Week 9  
Apr 10  
Training for i-movie in Fisk Hall language lab.
**THE QUEST FOR ENERGY SECURITY**

The evolution of US energy strategy, the rise of China, the prospects for future wars over oil.

* US Congress  
  ‘Foreign policy and national security implications of oil dependence,’ Hearing before the House Committee on Foreign Affairs (March 22, 2007)

* Michael Ross  

* Daniel Yergin (ed.)  
  ‘Oil: The Long Goodbye,’ *Foreign Policy* (Sept–Oct 2009)

James Russell  
‘The militarization of energy security,’ *Strategic Insights*, 7: 3, July 2008

Michael Klare  
‘The new geopolitics of energy,’ *The nation*, 1 May 2008

Michael Klare  
*Blood and Oil* (2004)

Suzanne Maloney  

Steve Yetiv  
*Crude Awakenings: Global Oil Security and American Foreign Policy* (2004)

Pepe Escobar  
‘Liquid War,’ *Tom Dispatch*, 26 Mar 2009

Michael Klare  

Tom Bower  

Jeffrey Bader (ed.)  

Antonio Marquina (ed.)  

Philip Andrews-Speed & Roland Dannreuther  
China, Oil and Global Politics (2011)

Carlos Pascual & Jonathan Etkind (eds.)  

Adrian Gheorghe & Liviu Muresan (eds.)  

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**Friday Apr 12**  
**Outline of final paper to be sent to instructor, 1-2 pages.**

**Week 11**  
**CURRENT CONTROVERSIES IN US ENERGY POLICY**

Crucial choices facing US policymakers: shale gas, tar sands, Keystone pipeline.

Starts with a **formal debate** on the topic

“It is in the US national interest to build the Keystone pipeline.”

Daniel Yergin  
The Quest (2011) parts III-VI.

Evan O’Neill  
‘There’s no such thing as ethical oil,’’ CEIP, 22 Mar 2011 (tar sands)

Nick Butler  
‘The oil hawks are living in cloud-cuckoo land,’’ *Fin. Times*, 01/16/12

Canadian Tar Sands  
Collection of newspaper articles

US shale gas  
Collection of newspaper articles

Gas prices  
Collection of newspaper articles

*Financial Times*  
‘Energy Report 2011’ (Sept 2011)

Benjamin Wallace-Wells  
The will to drill’, *New York Times*, 01/25/11

CERA  
‘Fueling North America’s energy future,’ (2010)

John Hofmeister  
Why We Hate the Oil Companies (2010)

Michael J. Graetz  

C21etv  
Walking on Oil: Alberta’s Oil Sands (2010)

ABC News  
To Drill or Not to Drill: Arctic Wildlife Refuge (2008)

Earth Focus  
Fracking Hell (2011)

Josh Fox  
Gasland (2011)

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**Student presentations** will occupy the last two weeks of class: Week 12 April 29-May 1; Week 14 May 8 (no class on Monday May 6). Each presentation will consist of a 10 minute i-movie followed by Q&A.

**Final paper, 8-10 pages, to be submitted by 4.00 pm on Tuesday May 15.**
WEBSITES

Energy Information Administration (EIA)  www.eia.doc.gov
International Energy Administration (IEA)  www.iea.org
BP Statistical Review of World Energy  www.bp.com/worldenergy
Joint Oil Data Initiative (JODI)  www/jodidata.org
Exxon Mobil  www.exxonmobilperspectives.com/
Oil and Gas Journal  www.ogi.com/index.html
Fuel Fix  www.fuelfix.com
American Petroleum Institute  www.api.org2
Oil and Gas Investor  www.oilandgasinvestor.com/?ch=logo
Revenue Watch  http://www.revenuewatch.org/
International Association for Energy Economics (IAEE)  www.iaee.org
Organization of the Petroleum Exporting Countries (OPEC)  www.opec.org

BLOGS

Steve Levine  http://oilandglory.foreignpolicy.com/
Lisa Margonelli  www.energytrap.org
Bit Tooth Energy  http://bittooth.blogspot.com/
Gregor Mcdonald  http://gregor.us/
Post Carbon institute  www.energybulletin.net/
The Oil Drum  www.theoldrum.com/
The Chad-Cameroun pipeline  www.pipelinedreams.org/
Shale gas enthusiast  http://www.nohotair.co.uk/
Assoc for Study of Peak Oil  http://www.peakoil.net/
‘JD’  http://peakoildebunked.blogspot.com/
Rich Turcotte  www.peakoilmatters.com
**DOCUMENTARY VIDEOS** (all can be watched free online)

- **Daniel Yergin** *The Prize* (PBS 1992)
- **Basil Gelpke** *Crude Awakening: the Oil Crash* (2006)
- **CBS 60 Minutes** *The Oil Kingdom* (2008) Saudi Arabia
- **BBC** *Inside the Saudi Kingdom* (2012)
- **Swiss TV** *Understanding Peak Oil* (2006)
- **BBC 4** *The Curse of Oil* (2005) Ecuador, Angola, Caspian, etc.
- **National Archive** *The Evolution of the Oil Industry* (1950s)
- **60 Minutes** *The Oil Sands* (2008)
- **C21etv** *Walking on Oil: Alberta’s Oil Sands* (2010)
- **ABC News** *To Drill or Not to Drill: Arctic Wildlife Refuge* (2008)
- **Earth Focus** *Fracking Hell* (2011)
- **Josh Fox** *Gasland* (2011)
- **Gregory Greene** *The End of Suburbia* (2004)
- **Free Will** *The Oil Factor, Behind the War on Terror* (2004)
- **Joshua Tickel** *Fuel* (2009)
- **Extreme Engineering** *Offshore Oil Platforms*
- **Bethany Mclean & Peter Elkind** *Enron: The Smartest Guys in the Room* (2005)
- **Joe Berlinger** *Crude, The Real Price of Oil* . (2009) (Chevron in Ecuador)
- **Werner Herzog** *Lessons of Darkness* (1992) (legacy of Gulf War)
- **Peter York** *Wiebo’s War* (2011) (Canadian tar sands activist)

**OIL-RELATED MOVIES**

  *War Inc* (2008)  
  *Syriana* (2005)
- *The Deal* (2005)  
  *Local Hero* (1993)
- *Mad Max* (1979)  
  *Giant* (1956)  
  *Boom Town* (1940)