

Spring 2013

GOVT 381

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	<i>The Prize. The Epic Quest for Oil, Money and Power</i> (1991)
Stephen Coll	<i>Private Empire. Exxon Mobil and American Power</i> (2012)
Toyin Falola & Ann Genova	<i>The Politics of the Global Oil Industry</i> (2005)

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

Relevant academic journals:	<i>Oil and Gas Journal</i>	<i>OPEC Energy Review</i>
	<i>Energy Policy</i>	<i>Energy Journal</i>

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.

Week 2
Feb 4-6

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)

Week 3
Feb 11-13

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 '[Managing an oligopoly of would-be sovereigns](#),' *International Organization*, 41.4 (1987): 575-607 (on OPEC)

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.

Week 4
Feb 18

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](#)

Week 4
Feb 20

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
- Michael L. Ross '[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.....

Michael Herb [‘No representation without taxation? Rents, development, and democracy.’](#) *Comparative Politics*, 37: 3, April 2005, 297-317

Jeffrey Sachs & Andrew Warner [‘The curse of natural resources.’](#) *Euro Econ Review*, 45 2001, 827-38

Richard Auty [‘The political economy of resource-driven growth.’](#) *EE Review* 45 2001, 839-46

Mehmet Gurses [‘State-sponsored development, oil and democratization.’](#) *Democratization*, 16:3 (2009): 508-29

Timothy Mitchell [‘Carbon democracy’](#) (2008 [essay](#), 2011 book)

Stephen Haber & Victor Menaldo [‘Do natural resources fuel authoritarianism?’](#) *APSR* (2011) 105: 1, 1-26

Todd Moss & Lauren Young [‘Saving Ghana from its oil.’](#) Center for Global Development #186 2009

Macartan Humphreys et al *Escaping the Resource Curse* (2007)

Ben Smith *Hard Times in the Land of Plenty* (2007) (looks at Iran and Indonesia)

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

THE HISTORY OF OIL (1970-2000)

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

- * Daniel Yergin *The Prize. The Epic Quest for Oil, Money and Power* (1991) part V.
- Francisco Parra *Oil Politics: A Modern History of Petroleum* (2009), chs. 7-17
- Robert Baer *Sleeping with the Devil: How Washington Sold Our Soul for Saudi Crude* (2004)

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 [‘Has petroleum production peaked?’](#) *Scientific American*, 25 Jan 2012
- * James Murray & David King [‘Oil’s tipping point has passed.’](#) *Nature* 26 Jan 2012
- Al Jazeera [Oil in perpetuity no more](#) (video) 21 February 2012.
- Post-Carbon Institute [‘Peak oil primer’](#)
- Laurel Graefe [‘The peak oil debate.’](#) *Economic Review* (Atlanta Fed Reserve) 94: 2 (2009)
- Roger Howard [‘Peak oil and strategic resource wars.’](#) *The Futurist* 43: 5 (Sep-Oct 2009) 18-21
- John Duffield & Charles Hankla [‘The efficiency of institutions: Political determinants of oil consumption in democracies.’](#) *Comparative Politics* 43:2 (2011) 187-205
- Kenneth Deffeyes *Hubbert’s Peak: The Impending World Oil Shortage* (2003)
- Roland Horne [The Future of Oil](#) (Stanford University lecture, Oct 2008)
- Swiss TV [Understanding Peak Oil](#) (2006)
- Gregory Greene [The End of Suburbia](#) (2004)
- <http://peakoildebunked.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 [‘The perils of petrocracy,’](#) *New York Times Magazine*, 4 Nov 2007
- Paul Stevens [‘National oil companies and international oil companies in the Middle East,’](#) *Journal of World Energy Law and Business* (2008) 1: 1, 5-30
- 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.

Week 10
Apr 15-17

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 [‘Blood barrels. Why oil wealth fuels conflict,’](#) *Foreign Affairs*, May 2008
- * 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 [The Gulf’s renewed oil wealth,’](#) *Survival*, 50: 6, Dec 2008, 129-50
- Steve Yetiv *Crude Awakenings: Global Oil Security and American Foreign Policy* (2004)
- Pepe Escobar [‘Liquid War,’](#) Tom Dispatch, 26 Mar 2009
- Michael Klare [The New Geopolitics of Energy](#) (video of Stanford University lecture, Oct 2008)
- Tom Bower *The Squeeze: Oil: Money, and Greed in the 21st Century* (2009)
- Jeffrey Bader (ed.) *The Global Politics of Energy* (2008)
- Antonio Marquina (ed.) *Energy security: visions from Asia and Europe* (2008) (e-book)
- [Energy War](#) (2006) (Dutch documentary)
- Philip Andrews-Speed & Roland Dannreuther *China, Oil and Global Politics* (2011)
- Carlos Pascual & Jonathan Etkind (eds.) *Energy Security* (2009)
- Adrian Gheorghe & Liviu Muresan (eds.) *Energy Security* (2011) (ebook)

Friday Apr 12

Outline of final paper to be sent to instructor, 1-2 pages.

Week 11
Apr 22-24

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 *The End of Energy: the Unmaking of America’s Environment & Security* (2011)
- 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)

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.doe.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.ogj.com/index.html
Journal of Energy Security	http://www.ensec.org/
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/
Gulf 2000 library portal	http://gulf2000.columbia.edu/
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/
<i>Financial Times</i> Energy Source	http://blogs.ft.com/energy-source/#axzz1jwWbPPFb
Council on Foreign Relations	http://blogs.cfr.org/levi/
Post Carbon institute	www.energybulletin.net/
The Oil Drum	www.theoil Drum.com/
Energy Security	www.iags.org/es.html
The Chad-Cameroun pipeline	www.pipelinedreams.org/
Shale gas enthusiast	http://www.nohotair.co.uk/
Assoc for Study of Peak Oil 'JD'	http://www.peakoil.net/ 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	<i>Lessons of Darkness</i> (1992) (legacy of Gulf War)
Peter York	<i>Wiebo's War</i> (2011) (Canadian tar sands activist)

OIL-RELATED MOVIES

<i>There Will be Blood</i> (2007)	<i>War Inc</i> (2008)	<i>Syriana</i> (2005)
<i>The Deal</i> (2005)	<i>The Stars Fell on Henrietta</i> (1995)	<i>Local Hero</i> (1993)
<i>Mad Max</i> (1979)	<i>Giant</i> (1956)	<i>Boom Town</i> (1940)