I.R. 344: THE INTERNATIONAL POLITICS OF OIL

Fall 2012

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OH Tuesday 10:30-11:30; Wednesday 9-10 and by appointment

SYLLABUS

This is a course about how oil influences both domestic and international politics. At the time of writing this syllabus, the price of oil (West Texas Intermediate, WTI) was hovering around $96 a barrel. It has set a record of more than $147 a barrel in the summer of 2008. The price of oil is likely to vary a great deal during the course of the semester as events around the world not to mention the health of the world’s economies play havoc with expectations.

No country in the world can remain unaffected by the rise and decline in oil prices. Throughout recent history, the world periodically experienced bouts of panic: some were caused by supply interruptions and at other times by the fear that oil was becoming far too scarce. There have also been periods of relative low and stable oil prices. Some countries are affected because oil represents their primary source of energy and have to import every single drop of it. Others are major producers and hence, one may think, have few worries. This is clearly not the case, oil-rich Iran went through a revolution and oil-rich Libya, which just concluded a brutal civil war. In the case of some producers, almost every cent of governmental revenue comes from oil exports. In the most dramatic event of the 20th Century’s last decade, the United States and its allies made war on one of the world’s most important producers of oil, Iraq. A decade later, in 2003 the US was back at war targeting the regime that ruled Iraq. While oil was not the primary reason for either war, it did play an important role.

While consumers of oil are distributed all over the globe, so are the producers. Oil is not only produced in the Middle East but also in Latin America, Central Asia, Europe, Southeast Asia and Africa. Even the waters near the Antarctic are said to contain deposits of oil. So a course on the politics of oil is really a course on the whole world viewed from many different vantage points. In this course, we will explore the economics of oil; why do prices go up or down? We will discuss its production, distribution, and ultimately its consumption. Everything we touch contains oil: we either use oil directly the production of different
products, such as petrochemicals, or we use oil to transport it from the producer to the ultimate consumer. Oil also affects the physical environment we live in: its consumption causes pollution. If the price of oil goes up too high, you can be sure that there are political costs to pay irrespective of the nature of the government.

The requirements for the course are the following: there will be one mid-term, a simulation exercise, one final exam and a 25 page final paper. The paper must be based on original research and the topic has to be approved by me well ahead of time. Although topics have to be in by October 8, the sooner you start thinking about the paper the better off you will be. We do not have to wait until October 8 to get topics approved. Grades will be based on these four (20, 30, and 40 percent respectively) and class participation, 10 percent. This course will rely heavily on class discussions and students must come to class prepared having done the readings for the week. Class attendance is mandatory I reserve the right to automatically fail you if you miss more than 3 classes.

Students must also read a quality daily: this usually means the New York Times.

IMPORTANT ANNOUNCEMENT: THIS IS A LAPTOP CLOSED CLASS. STUDENTS ARE NOT ALLOWED TO USE THEIR LAPTOPS DURING LECTURE HOURS FOR NOTE TAKING OR ANY OTHER ACTIVITY UNLESS DIRECTED BY THE INSTRUCTOR.

All of the readings for this course have been uploaded on the Coursesite system accessible through the web. As the semester progresses additional readings or relevant newspaper articles will be posted on Coursesite. In addition there are other titles on Coursesite that may be of interest to you. This syllabus is also on Coursesite as well as on the departmental website. You can always access it in case you lose your original copy.

The readings for the course are the following:

- Daniel Yergin, The Prize (Yergin I)
- Daniel Yergin, The Quest (Yergin II)

In addition please download relevant tables from BP’s World Review of Energy 2012 which is the best source of information on the actual numbers on oil production, consumption and other details of interest. It can be found on the Coursesite.

Useful links:

Department of Energy
http://www.eia.doe.gov/emeu/international/petroleum.html

OPEC
http://www.opec.org/homepage/frame.htm

American Petroleum Institute
http://api-ec.api.org/intro/index_noflash.htm

International Energy Agency
http://www.iea.org/

Cambridge Energy Research
http://www.cera.com/home/

For those interested in Mexico:

Assignments:

Week of

1. August 27          Introduction Discovery and the Organization of Oil
                      BP Review of Energy 2012 familiarize yourself;
                      NY Times Cost of Cooling & Graphic from Coursesite

2. September 3        Oil Wars and Global Conflict
                      Yergin I chapters 6-10

3. September 10       Oil as a Strategic Resource
                      Yergin I chapters 11-19

4. September 17       Hydrocarbon Age
                      The Economist “Oil in Troubled Waters,”
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<tr>
<th>Date</th>
<th>Topic</th>
<th>Notes</th>
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<td>September 24</td>
<td>Oil, Cars and Prices</td>
<td>Ending Oil’s Stranglehold on Transportation</td>
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<td>Mahedy “Oil’s New Price Demand Equation”</td>
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<td>Yergin II chapters 34+35</td>
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<td>IMF “Structure of Oil Price”</td>
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<td>September 26</td>
<td>Simulation video</td>
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<td>October 1</td>
<td>The Rise, Fall, and Rise . . . of OPEC I</td>
<td>Yergin I chapters 28-32</td>
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<td>Rose OPEC’s dominance</td>
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<td>Luciani “Reform Oil Markets”</td>
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<td>October 8</td>
<td>PACING BREAK/NO CLASS THIS WEEK</td>
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<td>The Rise, Fall, and Rise . . . of OPEC II</td>
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<td>Yergin I 33-37</td>
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<td>Maugeri Expensive Oil</td>
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<td><strong>Paper Topics Due</strong></td>
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<td>October 15</td>
<td><strong>Mid Term</strong></td>
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<td>October 17</td>
<td>Domestic Consequences of Oil</td>
<td>Karl “The Perils of the Petro-State: Reflections on the Paradox of Plenty.”</td>
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<td>October 22</td>
<td>Domestic Consequences of Oil II</td>
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<td>Telhami Oil Reform &amp; Governance in the Middle East</td>
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<td>Chavez Oil</td>
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<td>Yergin II chapter 5</td>
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<td>Defying the Oil Curse</td>
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<td>Oil and the Arab Spring</td>
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<td>October 29</td>
<td>Oil Crisis: Is it Coming? I</td>
<td>CNAS King Peak Oil</td>
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<td>Peak Oil Primer</td>
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<td>Yergin II chapter 11</td>
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<td>November 5</td>
<td>Oil Crisis: Is it Coming? II</td>
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Elhefnawy, The Impending Oil Shock
Burrows and Treverton, Strategic View Oil Futures
CERI, “Fear Premium”
Morse on NOCs
Economist NOCs
A Crude Predicament

12. November 12  Oil and Changing Strategic Picture
   Yergin II chapters 9 & 10
   China Oil Security Dream
   China Moves to the Middle East
   JFQ Energy and Task Force transformation”
   Protecting the Prize
   Canadian Oil Sands

   November 14  NO CLASS

13. November 19  Oil, Strategy and the Security of Gulf Oil
   Fattouh, “How Secure is Middle East Oil?”
   Henderson, Iran and Oil
   Barnes and Jaffe, Persian Gulf and the Geopolitics of Oil
   China and the Persian Gulf (Woodrow Wilson Center)
   Militarization of Energy Security

   November 21  Thanksgiving Break

   The New Energy Order
   Globalizing the Energy Revolution
   Transport costs and Globalization
   RAND Study Energy Dependence
   US Foreign Policy and NOCs
   Asian Rising Energy Nationalism

15. December 3  US Energy Policy
   Yergin II chapter 12-16, 27-33
   Geopolitics of Gas
   China Energy Security Pipedream
   **Papers are due**
Policy on Academic Integrity: Students are encouraged to look at the IR Department’s policy on academic integrity by following this link: http://cas.lehigh.edu/casweb/Content/Resources/download.aspx?ID=48
Also the University has a site:
http://www.lehigh.edu/~inprv/academicintegrity.html

Accommodations for Students with Disabilities: If you have a disability for which you are or may be requesting accommodations, please contact both your instructor and the Office of Academic Support Services, University Center 212 (610-758-4152) as early as possible in the semester. You must have documentation from the Academic Support Services office before accommodations can be granted.
http://www.lehigh.edu/~einsup/disabilities/