

The USA & the Global Oil System

The formation and impact of American energy policy

Thomas W. O'Donnell, PhD

CV & Bio: <http://TomOD.com> - E-mail twod@umich.edu
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### Abstract

*The course provides a multi-disciplinary examination of the USA as the historical initiator and predominant actor of today's global, market-centered petroleum system. This role is seen as a pillar of the USA's continuing superpower status, of its legitimacy amongst its OECD allies (e.g., the EU and Japan) and as shaping its relations with China, Russia and OPEC producers. Particular attention is paid to the process by which the USA's energy policy and geo-strategy are debated, developed and decided in Washington. This course seeks to instill a strong sense of how constantly evolving realities of energy resource availability, technology and the characteristics of a global market-centered oil system shape American energy policy and geo-strategy.*

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Method & Sources:

Throughout the course, the historical and present process of US policy formation is illustrated by use of materials (debates, public panels, meetings, studies and analytical papers) from especially US institutes and think tanks (both partisan and non-partisan) located mainly in Washington, from various university-based institutes, corporate and bank analysts, citizens organizations, the US Energy Information Agency, from professional energy-industry newsletters, and from the IEA of the OECD. Their connections with and impact on Congress, the Administration and US media are examined, including how heightened political partisanship in the USA in recent years impinges on the effectiveness of data-driven, “bi-partisan” analysis and policy formation. Readings are also taken from academic and scholarly books and articles.

Content:

Classes 1-3:

The course begins with a factual review of the geo-distribution and extent of the world’s available oil, gas, coal and other primary energy resources, of alternative-fuel potentials, current energy-production technologies, and projections for the growth by region of demand for oil and gas as transport fuels and for other purposes. In this light, the “North American energy revolution” caused by the recent rapid growth in oil and gas production from hydraulic fracking within the USA and from tar sands in Canada is examined. In this, the convergence of “highly developed” technological, infrastructural, financial and political conditions specific to the USA and Canada are examined, as are this energy “revolution’s” expected impact on the global oil market and OPEC. The theory of “Peak Oil” is briefly critiqued.

Class 4

This above review provides concreteness, then, for the presentation of a political-economic model of the present, U.S.-mediated and -initiated global, market-based, collective energy-security system—i.e., modeled as “the global barrel,” including the roles of the OECD and its International Energy Agency, of OPEC and especially Saudi Arabia and the International Energy Forum.

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Classes 5-6

In light of this model, we examine theories prominent in the USA (and elsewhere) as to the drivers of spot and futures market prices for oil (e.g., such as financial speculation versus market fundamentals, OPEC “cartel” production policies, etc.), the role of lax commodity-futures regulations in the US, of the US dollar as the oil market’s universal currency, and etc. Time permitting the concept of natural-resource rents is included.

Classes 7-8

For historical concreteness, we examine how and why, when the late-neo-colonial-era oil system collapsed with the Arab oil embargo and OPEC nationalizations of the 1970’s, a global, market-centered, collective oil-security system was established at US initiative through the OECD. Elements include the OECD’s International Energy Agency (IEA) and member states’ Strategic Petroleum Reserves, the International Energy Forum (IEF), the role of Saudi spare production capacity, and etc. We explore how an initial period of North-South confrontation gradually yielded to detailed IEA-OPEC cooperation and collusion under US-Saudi leadership (i.e., the “producer-consumer dialogue” or IEF) after the 1986 Saudi “net-back” crisis. Throughout, the process of formation and implementation of US energy geo-strategy is emphasized.

Classes 9-11

We examine how the USA today functions as the global oil system’s protector via US naval hegemony, the Carter Doctrine for the Persian Gulf, as regulator of the dollar, etc. Examples of this process are taken from US relations with OPEC Mideast oil producers, China, its European allies and Japan. In particular, we examine how US policy has addressed various global-oil-market disruptions: China’s mercantilist “go abroad” oil policy, Saddam Hussein’s invasion of Kuwait, the Iraqi civil war sparked by the US invasion, the chronic Iran “nuclear” crisis, the rise of “the New Resource Nationalism” in Venezuela and Latin America, and etc.

Classes 12-13

Presentation and critique of Student Semester Projects/Papers

Student Research Projects & Papers

Each student’s semester project is developed in stages, via participation in a collaborative research group. Each research group uses a “research blog” where students’ research and notes are posted with

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minimum weekly requirements for progress throughout the semester. (Students have the option to maintain these as private or public sites.)

- Research is guided and critiqued by the professor via his comments on these blogs.
- Doing this research collectively and on blogs promotes transparency in students' preparations for writing of original and authentic research papers.
- It facilitates collective participation by members of the research groups
- The quality and quantity of each student's contribution is transparent throughout the semester.
- These research blogs are valuable as online-archived resources for further research.

Examples: Previous Course Syllabi

Below are links to syllabi. Also, links to student research blogs (those that are public) from five recent classes taught by Professor O'Donnell can be found at the beginnings of the following previous Syllabi:

- [Revolution & War: Geopolitics of the Middle East & North Africa 1951-2011](#) The New School, Grad. International Affairs, NYC
- [Latin American Development](#) The New School, Graduate International Affairs, NYC
- [Geopolitics of Global Oil](#) The New School, Graduate International Affairs, NYC
- [Environmental Economics](#) The New School, Environmental Program, NYC
- [From Venezuela to Saudi Arabia: Energy, Resources & Markets:](#) *(then click "Syllabus")*; The Ohio State University, SocStud/Sci/Econ; Columbus, Ohio