



НАЦИОНАЛЬНЫЙ ИССЛЕДОВАТЕЛЬСКИЙ
УНИВЕРСИТЕТ

The Politics and Economics of Energy

Fall semester, (16 classes, 32 academic hours)

Teacher –Yuval Weber (yweber@hse.ru)

Basic course description

This course introduces the major theoretical approaches and policy issues in the study of energy that span across political science and economics. Accordingly, the course takes a very broad view and introduces students to energy as understood by scholars of international security and cooperation as well as economic and political development. In this regard we will find that some scholars view energy as physical commodities and others as money available to its owners, a private company or a state corporation. The differences between energy as commodity and energy as money will also guide us as we investigate the major policy issues of the day: the development and current status of the global energy industry, with particular emphasis on Russia; the role of other public, private, nongovernmental and international organizational actors; the historical importance and future relevance of OPEC; resource nationalism and mercantilism; alternative energies and the “threat” of fracking to traditional gas producers.

“The Politics and Economics of Energy” is a non-technical course and assumes some basic knowledge of politics and economics but there are no prerequisites. It is designed for students with both academic and non-academic goals:

- First, students will be introduced to the important historical and contemporary scholarship on the subject, so that they will understand the development of the field across different disciplines and be able to pursue further research;
- Second, the course covers major policy issues with the goal of exposing students to comparative and conceptual analysis that cut across states and regions regarding resource scarcity, market dynamics, corporate behavior, state policymaking, national welfare and threat perceptions, and strategic interaction; and,
- Third, we will put special attention on the unique size and role of the energy sector in historical and contemporary Russian politics and economics.

Course Materials

Note: Daniel Yergin’s The Prize: The Epic Quest for Oil, Money and Power (1991) is HIGHLY, HIGHLY, HIGHLY recommended, but it is also more than 900 pages long and we simply won’t have the time for it for all of it. However, this is the standard work

on the history of the petroleum industry and if you continue on this subject, you will soon realize that every person who studies or works in energy has read this entire book. There is also an eight-part miniseries based off of the book, which is also highly recommended.

Required reading: articles and book chapters will be made available to students through a method selected by the university.

Grading

There will be four sets of requirements for this course.

First, you will be expected to attend class and participate in discussions. Our class format necessarily creates mutual obligations among students to come prepared to discuss both the readings and the lecture materials. If only a few people in a group or the class are regularly doing the reading and prepared for discussion, our meetings will suffer as the bulk of students rely on a minority to carry them. Such a situation penalizes those students doing the readings as they then are pushed to shoulder more responsibility in class. Students will be called upon to present their critiques in class. Continual absences or lack of preparation will lead to failing this class. *[Participation]*

Second, given the importance of the readings, you will be assigned the task of critiquing the assigned readings prior to class, which you will post to the class website prior to meetings. On days where you do not write a critique, you will be required to make comments on what your classmates have written. You will be expected to perform such tasks as summarizing the main arguments, critiquing an author's claims, drawing out policy implications, suggesting how an author's argument may apply to another issue area, or highlighting similarities and differences with other readings. *[Critiques]*

Third, every student will be required at least once to present to the class a criticism or defense of the readings, or a real-world extension of the readings based on previous experience or interest. Examples: a student can present one of the recommended readings, or if he or she has previous work or personal experience on a topic we cover, then he or she can evaluate the utility (or not) of the theoretical assessments we cover.

Fourth, you will complete two take-home assignments based on the readings and course materials. These assignments will not have right or wrong answers, but you will be expected to take a position and argue for it, or otherwise demonstrate in your analysis or commentary a deeper understanding of the material. *[Take-home assignments]*

Fifth, each student will have the choice of write either a research paper (or proposal) or a policy memo on a contemporary case study or topic of her or his choosing.

- Students who are interested in pursuing further academic study should take this opportunity to complete a research paper or proposal as practice for turning ideas into academic products.
- Students who are less interested in further academic study should take this

opportunity for practicing what will be expected of them in the private and public sectors: synthesizing great amounts of information that identifies the problems, threats and opportunities for decision-makers and lays out useful and realistic policy recommendations. Each memo will be addressed to a specific client of the student's choosing—a head of a state-run oil company, the chief environmental regulator at an international institution or government agency, the policy chief of an NGO for or against fracking, or anyone else—and will summarize the geopolitical and/or economic significance of the event or issue, critique alternative explanations for the event/issue, outline attendant policy options, and explain how to choose among them. The idea behind these memos is not to do extensive additional research but to analyze critically contending hypotheses and to tease out logically consistent policy choices. [Policy Memo/Research Paper]

Please note: there is no comprehensive final exam.

Participation: 10% (in-class active discussion)

Critiques: 20% (presentations and preparing and commenting upon critiques)

Take-home Assignments: 30% (15% each)

Research Paper or Policy Memo: 40%

Course Schedule

Major Changes to the syllabus – While most of the syllabus is set, I am always happy to spend more time on subjects students are particularly interested in exploring. If there is something you want to spend more time on, please let me know.

Minor Changes to the syllabus – I may make minor changes to the syllabus. These will be announced at least a week in advance.

Optional readings – Optional readings are just that: optional. You do not have to read them and you will not be tested upon them. They are there if you are interested in the subject. Readings will be posted to the HSE system.

Part 1. Introduction to Energy (.5 week)

Introduction to class: history and current state of energy (49 pages)

Hamilton, James. 2011. "Historical Oil Shocks." Manuscript. (29 pages).

Yergin, Daniel. "It's Still the One," *Foreign Policy*, September/October 2009,
http://www.foreignpolicy.com/articles/2009/08/17/its_still_the_one?print=yes&hidecomments=yes&page=full (6 pages)

The Economist, "Supermajordämmerring: The day of the huge integrated international oil company is drawing to a close," Aug 1st 2013.

<http://www.economist.com/news/briefing/21582522-day-huge-integrated-international->

oil-company-drawing (7 pages)

The Economist, “Flaming rocks: A second shale revolution may be coming, squeezing out yet more oil,” Jun 26th 2014.

<http://www.economist.com/news/business/21605928-second-shale-revolution-may-be-coming-squeezing-out-yet-more-oil-flaming-rocks> (2 pages)

The Economist, “Yesterday’s fuel: The world’s thirst for oil could be nearing a peak. That is bad news for producers, excellent for everyone else,” Aug 1st 2013.

<http://www.economist.com/news/leaders/21582516-worlds-thirst-oil-could-be-nearing-peak-bad-news-producers-excellent> (3 pages)

Oil Embargo, 1973–1974. Office of the Historian, U.S. Department of State.
<https://history.state.gov/milestones/1969-1976/oil-embargo> (2 pages)

Recommended: Yergin, Daniel. 1992. *The Prize*. New York: Simon and Schuster.

Part 2. The Economics of Energy (2.5-3 weeks)

Energy in the Macro-Economy (129 pages)

El-Gamal, Mahmoud A., and Amy Myers Jaffe. 2009. *Oil, Dollars, Debt, and Crises: The Global Curse of Black Gold*. 1st ed. Cambridge University Press. Chapters 1, 5-8 (Chapter 4 optional). (129 pages)

International Energy Governance (72 pages)

Andreas Goldthau and Jan Martin Witte, “The Roles and Rules and Institutions in Global Energy: An Introduction,” *Global Energy Governance: The New Rules of the Game*, (Washington DC: Brookings Institution Press), 2010, pp. 1-12. (12 pages)

El-Gamal, Mahmoud A., and Amy Myers Jaffe. 2009. *Oil, Dollars, Debt, and Crises: The Global Curse of Black Gold*. 1st ed. Cambridge University Press. Chapters 2-3. (49 pages)

Yergin, Johnston, and Deutch, “Oil Lessons from the 1970s,” *The International Economy*, Fall 2009,

http://www.internationaleconomy.com/TIE_F09_YerginJohnstonDeutch.pdf (11 pages)

Recommended:

Wilfrid L. Kohl, “Consumer Country Energy Cooperation: The International Energy Agency and the Global Energy Order,” *Global Energy Governance: The New Rules of the Game*, (Washington DC: Brookings Institution Press), 2010, pp. 195-220. (25 pages)

E. Harks, “The International Energy Forum and the Mitigation of Oil Market Risk,”

Chapter 12 in Goldthau and Witte, *Global Energy Governance*, 2010. pp.247-268. (21 pages)

Energy in the Domestic Economy; Resource Curse? (108 pages)

Karl, Terry Lynn. *Paradox of Plenty: Oil Booms and Petro-States*, UCLA Press, 1997. Chapters 1-3, pp. 3-71. (68 pages)

Humphreys *et al.* 2007. *Escaping the Resource Curse*. Chapter 1, “Introduction: What is the Problem with Natural Resource Wealth?” (20 pages)

Sachs in Humphreys *et al.* 2007. *Escaping the Resource Curse*. Chapter 7. “How to Handle the Macroeconomics of Wealth.” (20 pages)

Recommended:

Sachs and Warner, 1995. “Natural Resource Abundance and Economic Growth,” *NBER working paper*. (47 pages; similar to Sachs 2007 above but important at least to skim)

Birdsall, Nancy and Arvind Subramanian. (2004) “Saving Iraq from its Oil.” *Foreign Affairs*, 83(4):77-89. (11 pages)

Radon, Jenik. (2005). “The ABCs of Petroleum Contracts: License-Concession Agreements, Joint Ventures, and Production-sharing Agreements.” In Svetlana Tsalik and Anya Schiffrin (eds.). *Covering Oil: A Reporter’s Guide to Energy and Development*. New York: Open Society Institute. (p. 61-85) (24 pages)

William Ascher. (1999). *Why Governments Waste Natural Resources*. Baltimore: Johns Hopkins University Press. (Chapter 1, “Introduction,” p. 1-31.) (30 pages)

Part 3. The Politics of Energy (2 weeks)

Political Resource Curse (82 pages)

Friedman, Thomas L. (2006). “The First Law of Petropolitics.” *Foreign Policy*, May/Jun, 28-36. (12 pages)

Collier, Paul. *The Bottom Billion*, “The Natural Resource Trap,” p. 38-52. (14 pages)

Ross, Michael. (1999). “The Political Economy of the Resource Curse.” *World Politics* 51: 297-322. (25 pages)

Rosser, Andrew. *The political economy of the resource curse: A literature survey*. Vol. 268. Brighton, UK: Institute of Development Studies, 2006.

<http://r4d.dfid.gov.uk/PDF/Outputs/futurestate/wp268.pdf> (26 pages)

Smith, Benjamin. Resource Wealth and Political Regimes: How Solid a Link After 40 Years of Research?, *APSA-CD* 11, 2 (June 2013), 2, 17-20. (5 pages)
http://www.benjaminbsmith.net/uploads/9/0/0/6/9006393/june_2013_apsa-cd.pdf

Recommended:

Luong, Pauline Jones and Erika Weinthal. (2006). "Rethinking the Resource Curse: Ownership Structure, Institutional Capacity, and Domestic Constraints." *Annual Review of Political Science*, 9: 241-263. (22 pages)

Morrison, Kevin. (2009). "Oil, Nontax Revenue, and the Redistributional Foundations of Regime Stability." *International Organization* 63(1): 107-138. (31 pages)

Michael L. Ross. (2001). "Does Oil Hinder Democracy?" *World Politics*, 53: 325-361. (36 pages)

Energy and Domestic Conflict (108 pages)

Collier, Paul, and Anke Hoeffler. "Greed and grievance in civil war." *Oxford economic papers* 56.4 (2004): 563-595. (33 pages) <http://economics.ouls.ox.ac.uk/12055/1/2002-01text.pdf>

Ross, Michael. "A closer look at oil, diamonds, and civil war." *Annu. Rev. Polit. Sci.* 9 (2006): 265-300. (36 pages)
<http://aix1.uottawa.ca/~lhott3/Cours/Conflict/papers2012F/ROSS2006ARPS-A%20closer%20look%20at%20oil%20diamonds%20and%20civil%20war.pdf>

Smith, Benjamin. "Oil wealth and regime survival in the developing world, 1960–1999." *American Journal of Political Science* 48.2 (2004): 232-246. (15 pages)
<http://www.notecrom.com/content/files/427/file.pdf>

Le Billon, Philippe. "The political ecology of war: natural resources and armed conflicts." *Political Geography* 20.5 (2001): 561-584. (24 pages)
<http://www.cddc.vt.edu/ept/eprints/ecowar.pdf>

Recommended:

Le Billon, Philippe. *Fuelling War: Natural resources and armed conflict*. Routledge for the International Institute for Strategic Studies, London, 2005. (88 pages; skim chapter 1).

Energy and International Conflict (133 pages)

Klare, 2002. *Resource Wars*, Chapters 1, 2, 9 (rest of book optional). (65 pages)

Di John, Johnathon. (2007). "Oil Abundance and Violent Political Conflict: A Critical Assessment." *Journal of Development Studies*, 43: 961-986. (27 pages)

Colgan, Jeff D. "Fueling the Fire: Pathways from Oil to War." *International Security* 38.2 (2013): 147-180. (33 pages)

Michael L. Ross. (2008). "Blood Barrels." *Foreign Affairs*, 87(3): 2-9. (7 pages)

Anderson, Jon Lee. 2000. "Letter from Angola." *The New Yorker*, August 14: 46. (1 page)

Recommended:

Daniel Yergin, *The Prize*. Part III (Chapters 16-19). (84 pages)

Colgan, Jeff. "Oil and revolutionary governments: fuel for international conflict." *International Organization* 64.4 (2010): 661-694. (33 pages)

Part 4. Resource Competition (1.5 weeks)

OPEC (67 pages)

Amy Myers Jaffe, "OPEC: An Anatomy of a Cartel," in Gal Luft and Anne Korin (eds.), *Energy Security Challenges for the 21st Century* (Greenwood Publishing Group), 2009, pp. 78-90. (12 pages)

Edward L. Morse and Amy Myers Jaffe, "OPEC in Confrontation with Globalization," in Jan H. Kalicki and David L. Goldwyn (eds.), *Energy and Security: Toward a New Foreign Policy Strategy* (John Hopkins University Press, 2005), pp. 65-96. (31 pages)

Alvaro Silva-Calderon, "Commentary on Part I," in Jan H. Kalicki and David L. Goldwyn (eds.), *Energy and Security: Toward a New Foreign Policy Strategy* (John Hopkins University Press, 2005), pp. 117-122. (5 pages)

Amy Myers Jaffe and Edwin L. Morse, "OPEC in Confrontation with Globalization," in Kalicki, Jan H., and David L. Goldwyn, eds. *Energy and Security: Strategies for a World in Transition*. JHU Press, 2013. Chapter 5. (19 pages)

Geopolitics of Energy Exploration (92 pages)

David Zweig and Bi Jianhai. (2005). "China's Global Hunt for Energy." *Foreign Affairs* 84(5): 25-38. (13 pages)

Edward L. Morse and James Richard. (2002). "The Battle for Energy Dominance." *Foreign Affairs* 81(2): 16-31. (16 pages)

David G. Victor and Nadejda M. Victor. (2003). "Axis of Oil?" *Foreign Affairs* 82(2):

47-61. (15 pages)

Joe Barnes and Amy Myers Jaffe. (2006). "The Persian Gulf and the Geopolitics of Oil." *Survival* 48(1): 143-162. (20 pages)

al Faisal, Turki. (2009). "Don't be Crude." *Foreign Policy*, Sep/Oct, 102-103. (2 pages)

El-Gamal, Mahmoud A. and Amy Myers Jaffe. (2009). "Subpriming the Pump." *Foreign Policy*, Sep/Oct, 98-101. (14 pages)

Victor, David G. and Linda Yueh. (2010). "The New Energy Order." *Foreign Affairs* 90(1): 61-73. (12 pages)

Pipeline Politics (75 pages)

EIA, "Oil Transit chokepoints" <http://www.eia.gov/countries/regions-topics.cfm?fips=WOTC>

Paul Stevens, "Transit Troubles: Pipelines as a Source of Conflict," A Chatham House Report (2009).

http://www.chathamhouse.org/sites/default/files/public/Research/Energy,%20Environment%20and%20Development/r0309_pipelines.pdf (32 pages)

Omonbude, Ekpen J. "The transit oil and gas pipeline and the role of bargaining: A non-technical discussion." *Energy Policy* 35.12 (2007): 6188-6194. (7 pages)

Adam N. Stulberg, "Eurasia's Pipeline Tangle," *Russia in Global Affairs* (24 September 2011) <http://eng.globalaffairs.ru/number/Eurasias-Pipeline-Tangle--15337> (4 pages)

Daniel Yergin. (2003). "The Next Prize." *Foreign Affairs*, 82(6): 103-114. (12 pages)

Freifeld, Daniel. (2009). "The Great Pipeline Opera." *Foreign Policy*, September/October, 120-127. (8 pages)

Deutch, John. (2011). "The Good News About Gas." *Foreign Affairs* 90(1): 82-93. (12 pages)

Recommended:

Hirschman, Albert O. *National power and the structure of foreign trade*. Berkeley: University of California Press, 1945. (81 pages)

Starr, F., & Cornell, S. (2005). The politics of pipelines: Bringing Caspian energy to markets. *Saisphere*.

Part 5. Energy and Security in Russia and its Neighbors (1-1.5 weeks)

Energy in Russia (137 pages)

Yergin, Daniel. *The Prize: The Epic Quest for Oil, Money and Power*, (1991), Ch. 6, 114-133. (19 pages).

Gaidar, Yegor T., *Collapse of an Empire: Lessons for Modern Russia*, Brookings Institute, 2007, Parts II-IV, pp. 39-155. (116 pages).

Weber, Yuval. Review article of *Red Gas: Russia and the Origins of European Energy Dependence* by Per Högselius. (2 pages)

Recommended:

Högselius, Per. *Red Gas: Russia and the Origins of European Energy Dependence*. Palgrave Macmillan, 2013.

Considine, Jennifer I., and William A. Kerr. *The Russian oil economy*. Cheltenham & Northampton, MA: Edward Elgar, 2002.

Goldman, Marshall I., *Petrostate: Putin, Power and the New Russia*, Oxford University Press, 2008, Introduction through Chapter 5 (1-135). (135 pages, but chapters 2-3 cover similar materials to Yergin and Gaidar.)

Europe and Russia (111 pages)

Goldman, Marshall I., *Petrostate: Putin, Power and the New Russia*, Oxford University Press, 2008, reprinted 2010, Chapter 6, “Natural Gas: Russia’s New Secret Weapon, pp.136-169 and Chapter 7, “Russia: The Unrestrained Super Energy Power,” pp. 170-209. (74 pages)

Nygren, Bertil, “Putin’s Use of Natural Gas to Reintegrate the CIS Region,” *Problems of Post-Communism*, vol. 55, No. 4 (July/August 2008), pp. 3-15. (13 pages)

Kevin Rosner, “The European Union: On Energy, Disunity,” in Gal Luft and Anne Korin (eds.), *Energy Security Challenges for the 21st Century*, (Greenwood Publishing Group, 2009), pp. 160-175. (15 pages)

Robert G. Bell, “NATO’s Grapple with Energy Security,” in Gal Luft and Anne Korin (eds.) *Energy Security Challenges for the 21st Century* (Santa Barbara, CA: Praeger Security International), 2009, pp. 61-70. (9 pages)

Recommended:

Kalicki, Jan H., and David L. Goldwyn, eds. *Energy and Security: Strategies for a World in Transition*. JHU Press, 2013. Chapters 7-9 plus commentary (59 pages)

Dellecker, Adrian and Gomart, Thomas, eds., Russian Energy Security and Foreign Policy, Oxford: Routledge, 2011, "Introduction, and Chapter 1, pp. 1-38 and Part III: "Russian Export Policy and Relations with Transit countries," Chapters 9-11 and Conclusion, pp. 145-208. (64 pages)

The Caspian Region (62 pages)

Manning, R., & Jaffe, A. (1998). The myth of the Caspian 'great game': the real geopolitics of energy. *Survival*, 40(4), 112-129. (17 pages)

Jan H. Kalicki (2001). "Caspian Energy at the Crossroads." *Foreign Affairs*, 80(5): 120-134. (15 pages)

Hill, F. (2004). Pipelines in the Caspian-Catalyst or Cure-All. *Geo. J. Int'l Aff.*, 5, 17. (9 pages)

Gulyev, F., & Akhrarkhodjaeva, N. (2009). The Trans-Caspian energy route: Cronyism, competition and cooperation in Kazakh oil export. *Energy Policy*, 37(8), 3171-3182. (11 pages)

Bilgin, M. (2009). Geopolitics of European natural gas demand: Supplies from Russia, Caspian and the Middle East. *Energy Policy*, 37(11), 4482-4492. (10 pages)

Caspian Brief, US EIA, <http://www.eia.doe.gov/cabs/caspian.html>

Recommended:

LeVine, Steve. *The Oil and the Glory: The Pursuit of Empire and Fortune on the Caspian Sea*. Random House, 2007. **HIGHLY RECOMMENDED**

Overland, I., Kjærnet, H., & Kendall-Taylor, A. (Eds.). (2010). *Caspian Energy Politics: Azerbaijan, Kazakhstan and Turkmenistan*. Routledge.

Starr, S. Frederick, and Svante E. Cornell, eds. *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West*. Silk Road Studies Program, Uppsala University, 2005. (149 pages; don't worry, not theoretical.)

Tsalik, Svetlana, and Robert E. Ebel. *Caspian oil windfalls: Who will benefit?*. Open Society Institute, Central Eurasia Project, 2003. (174 pages; don't worry, not theoretical.)



Course Policies

Please note that missing class and critiques degrades the quality of your educational experience as well as depriving your classmates of another perspective. Any unexcused absences or commenting upon the online critiques of others will result in .5% of the appropriate portion of your grade being deducted. I do not allow any particular assignment to be made up at a later time. If you have to miss class for a predictable reason, please let me know as far in advance as possible.

If a student receives a failing grade for the course, I follow any existing regulations. In the absence of regulations, the student will be given two opportunities to make up the failing grade in the following format:

- If the failing grade in the course is the result of failing a take-home assignment, then the student will have the opportunity to prepare another take-home assignment.
- If the failing grade in the course is the result of failing the participation or critiques portion of the course, then the student will have an opportunity to write an essay of 8-10 pages (12 point Times New Roman font, double spaced, one inch margins) on the material not covered during the class itself. The exact topic of the essay must be agreed in advance with the instructor.
- If the failing grade in the course is the result of failing the research paper or policy memo portion of the course, then the student will have an opportunity to write an additional essay of 8-10 pages (12 point Times New Roman font, double spaced, one inch margins) on his or her topic. The exact topic of the essay must be agreed in advance with the instructor.
- The make-ups will be held during the official make-up period with the time and date mutually agreed upon by the instructor and the student.
- If the make-up work described above is not satisfactory to the instructor, then the student will have another opportunity to make up the work in front of a committee

consisting of several members. The time and date of the second make-up opportunity will be agreed upon by the student and the committee.

Learning Process Violations:

- Excessive absence from class, plagiarism by copying work from other students or online resources, and in-class cheating will be reported directly to the program administrators.

These sorts of violations destroy the academic experience for yourself and others. They will be punished as severely as possible. Some advice: do not.