**The Politics and Economics of Global Energy**



Summer semester, 2017 school year (8 classes, 16 academic hours, 32 h. homework)

Teacher –Professor Vladimir Zuev vzuev@hse.ru

**Basic course description**

This course puts a test on conventional theoretical approaches on global energy issues. It is based upon empirical evidence of the current trends on the global energy markets, unveiling policy issues in the study of energy that span across political science and international economics.

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.

We investigate the major policy issues of the day: the development and current status of the global energy markets, with particular emphasis on Russia, EU, China and the USA.

The role of the international organizations is given the focal place, especially the historical importance, the current development and future relevance of OPEC.

The course attributes a special role to the influence on the industry of the technological progress in alternative energies and the “threat” of fracking to traditional gas producers.

“The Politics and Economics of Global 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 security, market dynamics, state policymaking, national welfare and threat perceptions, and strategic interaction; and,
* Third, we will put special attention on the unique role of the energy sector in historical and contemporary Russian politics and economics.

**Course Materials**

Basic reading:

Daniel Yergin, The Prize: The Epic Quest for Oil, Money and Power (1991) is recommended, but it is more than 900 pages long and we simply won’t have the time for it all. 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 book.

**Grading**

There will be three sets of requirements for this course.

*Class attendance.*

You will be expected to attend classes.

The % of absences will lead to a proportionate downgrade in final evaluation. Say, you missed 20% of classes, your grade will be 2 points lower. 50% missed classes – satisfactory grade is the utmost possible grade. 70% missed classes – no grade possible.

*Participation*

You will be expected to participate in discussions (comments, questions, remarks). You can gain points to the overall evaluation by the quality (not the quantity) of your class activity. Each good comment can add points to your grade. By good comments you can compensate points lost by absences!

But, not in case of over 60% class absences, sorry.

*Written work.*

Each student will have the choice among three options: either to write a research paper (essay of 5-8 pages, TNR-12), or a policy memo (4-7 pages), or to prepare a PPP (of about 10-12 slides) for the in-class presentation on a topic agreed upon with the teacher.

This work will be the main item for final grade evaluation with added or discounted points from the class activity.

*Note on the policy memo:*

Students who are less interested in academic study could 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 governmental regulator or an international institution or government agency (for example, for or against fracking), 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 logistically consistent policy choices.

Grade upon:

Research Paper (Essay), or Policy Memo, or PPP - minus or plus points for Participation (in-class active discussion) and class attendance.

**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.

**Course Topics**

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| --- | --- | --- | --- | --- | --- |
| № | Topic | Tot | Hours in a class | | Home work |
|  | Lectrs | Semnrs |  |
| 1. | Introduction to energy. Tectonic shifts at the global energy markets |  | 2 |  |  |
| 2 | Global institutions response to energy market challenges |  | 2 |  |  |
| 3 | OPEC adaptation policies |  | 2 |  |  |
| 4 | The EU Energy Union |  | 2 |  |  |
| 5 | Chinese wicked energy strategy |  | 2 |  |  |
| 6 | USA: a new global energy power |  | 2 |  |  |
| 7 | Russian resource curse |  | 2 |  |  |
| 8 | The future of energy |  | 2 |  |  |
| Tot |  |  | 16 |  | 32 |

**Litterature:**

**Class 1. Introduction to Energy**

Introduction to energy: history and current state of energy. Hamilton, James. 2011. “Historical Oil Shocks.” Manuscript. (29 pages).

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

The Economist, “Super major dämmerung: 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, “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)

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

<http://www.internationaleconomy.com/TIE_F09_YerginJohnstonDeutch.pdf> (11 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. (193 pages)

**Class 2-3. Energy Governance**

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

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)

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)

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)

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

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

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)

**Class 4. The EU and Europe**

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)

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)

**Class 5- 6 China and the USA**

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)

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 ps)

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

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

**Class 7. Energy in Russia**

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

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

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)

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)

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

Smith, Benjamin. [Resource Wealth and Political Regimes: How Solid a Link After 40 Years of Research?](http://www.benjaminbsmith.net/uploads/9/0/0/6/9006393/june_2013_apsa-cd.pdf), *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>

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

Gaidar, Yegor T., Collapse of an Empire: Lessons for Modern Russia, Brookings Institute, 2007, Chapters 4-5, pp. 71-161. (90 pages).

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, 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)

**Class 8. The Future of Energy**

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)

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)

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)

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

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)

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)

Deutch, John. (2011). “The Good News About Gas.” Foreign Affairs 90(1): 82-93. (12ps)