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Energy Security and Shifting Modes of Governance

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Abstract

The concept of energy security fits uneasily into contemporary security debates. It is neither a clearly traditional nor a fully ‘non-traditional’ security issue. There are also limits to the social constructedness of the concept. This article argues that, while it is important to identify the differing securitizations of energy, these must be contextualised within the material realities and the differing historical modes of governance of the political economy of resources. The broader evolution of the political economy is essential for understanding the differing meanings accorded to energy security, the shifting modes through which energy is governed, and the extent to which energy security concerns drive international politics. This historical context is essential for understanding heightened contemporary concerns over energy security, which have both a material and an ideological dimension. The material dimension is the anxiety over the dual shift of power from West to East and from resource-importing to resource-exporting countries; the ideological dimension is the normative weakening of the neo-liberal mode of energy governance which was dominant during the 1980s and 1990s.

Introduction

Energy security fits uneasily into contemporary International Relations debates. Although it is primarily seen as a non-military, transnational issue, it does not fit neatly into the post-Cold War agenda of non-traditional security threats, such as climate change or infectious disease. Unlike such issues, energy security was as important a concern during the Cold War as thereafter, its peaks not conforming to this temporary division. Energy security initially gained political ascendance during the oil crises of the 1970s before subsiding during the 1980s. Energy only regained a strong security profile as prices for oil and other commodity prices spiked from 2000 onwards.

However, energy security cannot simply be reclaimed as a traditional security issue by reducing it to its military dimension, notwithstanding realist-inspired attempts to do so (Klare 2001, 2004). It is increasingly recognised that energy security is a complex, multifaceted concept; beyond simply denoting securing access to oil, it may potentially include the complex security inter-linkages of different energy resources, externalities like climate change, or the energy insecurities of poor people lacking access to basic modern energy systems (Baumann 2008, Dannreuther 2010, Cherp and Jewell 2011). Energy security has, as social constructivists suggest, no core underlying objective reality; it is instead an arena where different voices seek to 'securitize' their particular understanding of key risks and threats.

However, this is not, as constructivists often suggest, merely a question of contending discourses. The broader context of the global political economy has a determining effect on which particular securitization of energy assumes dominance. As the introduction of this special issue argues, the material conditions of international security politics, particularly those shaped by the structures and processes of the global political economy, are critical for understanding how differing dimensions of security are given a concrete form and meaning. This article thus argues that, although the concept of energy security is constructed, it is not arbitrarily constructed and must be understood in relation to the structural conditions of the international political economy and to broader changes in global security governance. In this regard, the shifting power balance between the North and the Global South is particularly important as the dominant articulations of the threat to energy security are generally promoted by those experiencing negative shifts in the distribution of power in the energy value chain. This explains why energy security rose up the political agenda during the 1970s and the 2000s, but declined during the intervening periods. In the 1970s and the 2000s, energy producing states, primarily from the Global South, both gained increased access and captured a larger proportion of energy rents and consequently strengthened their economic and political power. This generated anxiety among energy consuming states, mainly industrialized Northern states which translated into increased fears over energy security.

Importantly, these anxieties were not limited to the power-political implications of these shifts. There was also, in both periods, a perceived threat to the idealized model of the global political economy as a liberal, transnational and globalized realm. Resource-producing states asserted their sovereign rights of national control and engaged in 'resource nationalism' through nationalization or appropriation of their resource assets. The normative dominance of the neo-liberal model of political economy in the 1980s and 1990s can, at least in part, be understood

as an ideological counter-reaction to the rising resource nationalism of the 1970s. The return in the 2000s of the resource-producing states, alongside emerging markets such as China pursuing more state-driven and interventionist development strategies – the so-called shift from ‘liberal capitalism’ to ‘state capitalism’ (Bremmer 2009, Bremmer 2011, Dannreuther and Ostrowski 2013) – re-ignited fears that the liberal ideal and the balance between states and markets had again shifted against the interests of the Northern industrialized world. This has, in turn, reframed understandings of energy security and its international governance.

The sections below elaborate this argument. The first, following the Copenhagen School approach, identifies how the dominant concept of energy security has been ‘constructed’ so as to privilege one possible meaning – the security of international oil supplies – while marginalising others. The article then proceeds to demonstrate the links between the social construction of energy security and shifting balances in material power relations through an historical account identifying four key periods. Each period exhibits a specific generalized mode of governance in the international energy sector, which helped to define the meaning of energy security.

Energy Security: The Dominance of Oil Security

Fundamentally, energy security is about ensuring secure, uninterrupted access to the services of modern energy systems. These services are essential to modern living, enabling mass transportation and communication, the use of labour-saving electrical devices, and access to a vast array of foods and other goods. As Smil (2005: 1) notes, ‘the most fundamental attribute of modern society is simply this: ours is a high-energy civilization based largely on combustion of fossil fuels’. Following Buzan et al. (1998), the discursive construction of ‘energy security’ could therefore ‘securitise’ any perceived ‘threat’ to modern energy services. In practice, however, what actually gets securitised is powerfully shaped by material power relations.

For example, despite vast improvements in material conditions enabled by fossil fuel exploitation, a significant minority, 1.6 billion people worldwide still lack access to electricity, while over 2.4 billion still rely on traditional biomass for cooking and heating (Modi et al., 2005: 13). It is these people, who entirely lack access to affordable modern energy systems, who suffer most seriously from energy insecurity. However, the term ‘energy security’ is rarely applied on such a ‘human security’ basis. Such insecurities are instead treated as issues of poverty and under-development (World Energy Council 1999, World Bank 2000, Pachauri 2010).

‘Energy security’ is also rarely applied to coal, the primary energy source before oil became dominant in the mid-twentieth century. Despite its relative decline, coal remains a critical global resource, particularly in the emerging economies of China and India, with global demand expected to increase by 20% from 2010 to 2030 (Lee et al. 2012: 17). However, because most major consuming countries have large domestic supplies, and because international trade in coal is limited (and not concentrated in volatile regions like the Middle East), its supply is not presented as an international security issue (Ryan, 2005: 10). Instead, given the capacity of mining unions to paralyse supplies, coal is more frequently related to domestic security. Miners have played critical roles in contesting political and economic governance, from the emergence of left-democratic movements in the industrial revolution to the miners’ strikes of Thatcher’s Britain and apartheid and contemporary South Africa (Eley 2002; Mitchell 2009, 2011; Wallace and England 2013). Mining has also generated resistance throughout the developing world involving indigenous groups,

farmers and environmental activists (Bebbington, Bebbington, et al., 2008). These challenges have, though, typically been presented as political rather than security challenges. The shift to oil also helped to reduce the need to ‘securitise’ this threat. Oil production is capital- rather than labour-intensive, and oil can be transported by pipeline, not merely rail and sea (Mitchell 2009: 403-6; Podobnik 2006: 65). Substituting oil for coal thus weakened the power of mining and transport unions, helping intensify capitalist development with less labour resistance.

However, oil has one strategic vulnerability not present with coal: its deposits are considerably more concentrated, with the most abundant resources located in the Middle East. The social and political consequences of this material reality is at the core of the *dominant* way in which energy is ‘securitised’. This arguably began with Churchill’s decision, just before World War I, to convert the British navy into oil-powered vessels, thereby refounding Britain’s ‘naval supremacy upon oil’ (Churchill, 1968: 529). His critics argued that national security would no longer depend on the coal fields of England and Wales but the oil-fields of the less secure Middle East, particularly Persia, which one official called ‘an old, long-mismanaged estate, ready to be knocked down’ (Yergin 2011: 265). The concept of energy security was, therefore, initially defined primarily in terms of a threat to international security, geopolitically linked to the Middle East. This initial formulation has since become the hegemonic conceptualization of energy security.

The critical role oil plays in modern militaries is another core feature; consequently, energy security gains particular prominence during periods of warfare. In both World Wars, the issue of access to oil supplies was a significant contributory factor behind the German war effort, as it was also for Japan in the 1940s (Yergin 1991). Today, the US armed forces are one of the major global consumers of oil, its usage roughly equivalent to that of Greece; consequently, it has a vested interest in supporting US control of global oil supplies (Bromley 2005: 255). More generally, as an interest group, military establishments frequently use the spectre of energy security to justify enhanced naval capabilities. For example, in China, the military establishment, particularly the PLA Navy, is one of the strongest advocates for a greater Chinese global naval presence so as to provide security for China’s energy imports (Andrews-Speed and Dannreuther 2011: 144).

Having thus defined the dominant conception of energy security, underscoring its selection, to the exclusion of possible alternatives, by material power dynamics, we can now explore how changes in those dynamics also shape ebbs and flows in concerns for energy security and how this security issue is governed.

Period 1: Energy Security and the Neo-Colonial Order (1900-1960s)

The initial challenge for resolving the energy security problem identified by Churchill was how to ensure the security of supply of the oil from the Middle East in the context of the collapse of the Ottoman Empire. This challenge generated two key responses and developments. The first was the political expansion of European control of the Middle East, with pre-WWI rivalry replaced by a relatively ordered division of the region into spheres controlled or influenced by Britain, France and the US. Despite eschewing formal imperial territorial control, the US nonetheless insisted upon an ‘open door’ policy: US companies were not to be denied access through the imperial preferences or protectionism. It is here that the roots of the US commitment to a post-colonial informal liberal hegemony for oil and gas production and distribution, and for the reproduction of global capitalism, can be found (Stokes and

Raphael 2010; Ikenberry 2012). More generally, this decision to divide the Middle East cooperatively between the key Western powers, excluding only the defeated Germans and the Bolshevik Russians, led to British, US and French oil companies dividing between them the major oil-producing regions.

The second major development was the devolution to private oil companies of the responsibility for securing flows of oil from the Middle East. It was these companies who negotiated the terms of agreement with the key oil-producing states, such as Iraq, Iran and the Gulf states, which generally involved long-term, large-scale concessions favouring the interests of the companies over those of host states (Yergin 1991, Parra 2010). This devolution of power also involved a willingness by Western governments to overlook the collusive and oligopolistic cooperation of the major oil companies. The so-called 'seven sisters' ensured their control of the international oil industry through vertical integration of all stages of the value chain and by agreeing not to challenge each other through seeking a greater market share or by competing on price. Western governments' tolerance of such collusion was not just a question of political expediency to ensure control of Middle Eastern oil. It was also driven by the particularities of the oil industry, which is characterised by low short-run marginal costs and an in-built tendency to chronic overproduction leading to intense price competition (Stevens 2013: 15-16). If the production and price of oil of the relatively much cheaper Middle East oil had been determined by market forces, it would have meant that all other global production would have become uneconomic, including the domestic US oil industry, which was not in the US or Western interest (Luciani 2013: 124).

The end-result of these two developments was that energy security was apparently achieved, at least from the perspective of the Western consuming states, for most of the mid-twentieth century. Oil was being produced in ever-larger quantities; it was gradually displacing the less efficient use of coal; prices were low and stable; and oil fuelled the economic miracle of Western Europe in the 1950s and 1960s. The oil companies were both making exceptional profits and ensuring that the superficially 'free' market provided energy security. In retrospect, with the experience of the subsequent extreme volatility of oil prices, this may appear as the golden age of oil. In reality, this economic and political structure rested upon the political subordination of the Middle East's oil-producing states, the diversion of the share of economic rents from host states to the oil companies, and a lack of local control over these countries' core assets. Although the Western oil companies were the principal actors in terms of negotiating the contractual arrangements, they could always rely upon the coercive powers of their home states if there was significant resistance to the terms offered. This was most dramatically demonstrated by the CIA-engineered overthrow of the Iranian government of Mohamed Mossadegh in 1953, following local attempts to nationalize the Iranian oil industry (Yergin 1991: 450-478).

Period 2 – Energy Security and the Rise of OPEC (1960s and 1970s)

This essentially neo-colonial energy security governance, allied to a managed and oligopolistic global market, was eventually undermined by the success of the oil-exporting states, institutionalized through the Organisation of Petroleum Exporting Countries (OPEC), in wresting economic power from the oil majors. The resulting crisis, which dominated most of the 1970s, was when the concept of 'energy security' was first most fully articulated, gaining widespread popular resonance. The concept

became indelibly linked to the feelings of insecurity generated by this epochal shift in the distribution of power from the oil importing consumers to the oil-exporting states. In 1975, Henry Kissinger, US Secretary of State, dramatically recognised the nature of this shift and the West's relative weakness: 'the only chance to bring oil prices down immediately would be massive political warfare against countries like Saudi Arabia and Iran to make them risk their political stability and maybe their security if they did not cooperate. This is too high a price to pay even for an immediate reduction in oil prices' (quoted in Kissinger 1982: 674).

The causes of this shift were as much economic as political. First, the bargaining position of the oil-exporting states was helped by rapidly growing demand in Europe and elsewhere. Second, the cartelization of the industry was gradually being eroded by the rise of independent oil companies, many of them European state-owned national champions such as Italy's ENI. If there was a critical turning point in power relations between the oil companies and the oil-exporting states, it was in 1969 in Libya where the new leader, Muammar Gaddafi, successfully played off the majors and the independents to secure a significant increase in prices. The Libyan example was then closely followed by the Shah in Iran, demonstrating that this was not an ideological issue but rather one of a critical shift in the dynamics of economic and political power (Parra 2010: 152-4, Luciani 2013: 126-7). A third factor was undoubtedly more political: the growing assertiveness of the Third World, perceptions of declining US hegemony, and growing antipathy to the US due to its support for Israel following the Arab defeat in 1967. In this context, the continuing presence and power of the Western oil companies appeared as a major derogation of the sovereign independence of the Middle Eastern states. It was this broader political context which led to the wave of nationalizations of foreign oil companies' installations, starting in Algeria in 1971, then Iraq in 1972 and Libya in 1973 (Seymour 1980: 218-30, Yergin 1991: 583-5, Aissaoui 2001). Unlike with Iran in 1953, there was no Western military response to these developments.

Although this power shift thus occurred prior to the 1973 Arab-Israeli, it was this political crisis which led to oil prices reflecting the new reality, increasing four-fold. In popular and elite perceptions, it was this political and military dimension of the ensuing energy security crisis, most notably the exaggerated threat of the 'oil weapon', which appeared more evident than the underlying economic-induced shifts in the distribution of power. Such a politically charged understanding of the roots of the crisis was only reinforced by a second oil price spike following the 1979 Iranian Revolution. Henry Kissinger contributed to the confrontational response to the crisis by establishing the International Energy Agency (IEA) as a counter-part to OPEC, representing the interest of the Western oil-importing states. More cooperative producer-consumer dialogues were at times pursued, such as the Euro-Arab Dialogue, but did not develop any significant momentum.

Period 3 – Energy Security and the Neo-Liberal Order (1980s and 1990s)

OPEC's rise and the collective assertion of the power of the oil-exporting states of the Global South fundamentally disrupted the neo-colonial mode of energy governance which had characterized the pre-1970s global oil industry. However, OPEC could not simply reproduce the oil major's former power and capacity to control the industry. OPEC's crucial weakness was that, while control over national production could be guaranteed, there was a more limited capacity to assert control over other parts of the value chain, such as refining, processing and distribution

(Luciani 2013: 127). In reality, a key consequence of the end of the oil majors' hegemony was the undermining of the industry's vertical integration and its subsequent fragmentation into a mosaic of partly nationalized and partly liberalized and globalized sectors (Goldthau and Witte, 2009: 375-7).

This underlying structural weakness of OPEC provided the opportunity for the OECD countries to recover their strategic advantage. This involved three key aspects. The first was to encourage the international oil companies to compensate for their losses by diversifying production of oil and gas away from the OPEC countries and towards new oil fields in, for example, the North Sea and the Gulf of Mexico. The subsequent increase in non-OPEC production forced OPEC, especially Saudi Arabia, to reduce output so as to maintain control over the oil price. This ultimately became unsustainable, significantly reducing OPEC's power to set oil prices. The key shift occurred in 1985, when Saudi Arabia refused to play its appointed role as swing producer for OPEC, having had to reduce production from 10 mbd to 2.2 mbd. Accordingly, oil prices collapsed to \$13 a barrel (Parra 2010: 285-6).

The second part of the overarching strategy was to reduce dependence on oil by diversifying fuel sources, especially in the electricity sector. Although early hopes for nuclear evaporated, there was a turn to gas and later, with rising concern over pollution and climate change, renewables like wind and solar energy. Accordingly, 'energy security' evolved: it was longer simply linked to security of oil supplies but included the broader, more complex question of the most 'secure' energy mix for a particular country, region or world as a whole (Stirling 2010, Cherp and Jewell 2011). As climate change concerns mounted, energy security also came to include issues of carbon emissions.

The third aspect was more political and involved successfully shifting power back to the West under US hegemonic leadership. Declining oil prices in the 1980s contributed to the political and economic weakening of oil-exporting states. The Iranian Revolution became mired in a long, bloody war with neighbouring Iraq from 1980-1988 and the US became a vital security guarantor for Saudi Arabia and the other Arab oil-exporting states. The Saudi-US alliance became a bedrock of energy security since, as the largest importer and exporters of oil, they shared a mutual interest in securing the global supply of oil at affordable prices. This relationship was cemented by cooperation in supporting the Mujahedin opposition to the Soviet occupation of Afghanistan. The decisive defeat of Iraq in the first Gulf War (1990-91), when Saddam Hussein attempted to gain control of Kuwait's energy resources, consolidated US hegemony over the region. The USSR's subsequent collapse in 1991, due in part at least to the economic problems it faced due to low international oil and gas prices, dissolved all challenges to US unipolar hegemony in the Middle East and other parts of the Global South. The 'collapse of East Bloc alternatives to capitalism and the end of Soviet patronage of Third World nationalism enormously increased the self-confidence of US elites that a capitalist Pax America could be imposed against lingering resistance in the Third World' (Hinnebush 2003: 218)

The ideological counterpart to this decisive material shift in global politics was the dominance of a neo-liberal conceptualization of the international political economy. This had its roots in the ideological rejection of the Keynesian and socialist interventionist economic models which, it was perceived, had contributed to the economic crises and problems of the 1970s. This also had a clear energy dimension. It was the failure of the recycling of the surplus OPEC 'petro-dollars' to generate economic growth in many developing states, most notably in Latin America and sub-Saharan Africa, which contributed to the general economic crisis in the developing

world. The indebtedness of these countries resulted in the North, through the IMF and World Bank, imposing structural adjustment programmes which demanded deregulation, privatization and economic and political liberalization. The significant drop in oil prices in the 1980s meant that Middle Eastern countries, including some oil-producing states, were not immune to such pressures and were obliged to implement their own economic liberalization programmes.

The ideological dominance of the neo-liberal model of economic governance had specific impacts on the oil and gas industries during the 1980s and 1990s. Most Western countries privatised their national oil companies and the market became more diversified and fungible with an array of smaller oil companies and service companies competing ever more effectively with the international majors (Bridge 2008: 397-8). The financialization of the industry through the development of a futures market in oil and the creation of 'paper barrels' spurred the industry's liberalization. The opening up of the previously autarchic Soviet oil and gas industry yielded new opportunities for private investors and the sector became increasingly controlled by a small number of Russian 'oligarchs', who were also generally open to Western investment (Luong and Weinthal 2010). An increasing number of other oil-producing states sought to limit the state's role in their resource sectors and to encourage Western companies to enter their markets (Moran 1998, Ramamurti 2001, Vivoda 2009). For example, the Venezuelan government in the early 1990s encouraged the national oil company, PDVSA, to become increasingly autonomous and to restructure itself along the lines of a Western private oil company.

By the end of the 1990s, many analysts suggested that the increasingly globalized and liberalized 'market' had essentially resolved the problem of energy security. The well-known oil analyst, Edward Morse (1999), captured the mood, arguing that 'resource nationalism has practically disappeared from the discourse of international relations'. Oil was in cheap, plentiful supply, and some believed that low prices would last indefinitely, with the world on the cusp of an 'era of cheap oil' (Jaffe and Manning 2000). Accordingly, there appeared to be a consensus that natural resources should not be treated differently from other sectors of the economy, such as manufacturing, and should be liberalized, privatised and open to foreign investment to improve efficiency and productivity (Dietsche 2013). Intellectually, this was supported by the 'resource curse' thesis, which appeared to provide conclusive proof, at least for many Western policy makers, that oil-exporting states which attempt to exert direct state control over their resource industries suffer from poor economic development, a tendency towards authoritarianism and the potential for violent conflict (Karl 1997, Sachs and Warner 2001, Ross 2012). This also had an impact on Western military and security policy. Military protection was now no longer required to support the interests of individual companies but rather to provide a security guarantee for the global energy market as a whole. It was this which links together the two Gulf Wars in 1991 and 2003 – both were, at least in part, waged so as to protect and enhance the global oil market rather than the specific interests of any particular Western country or oil company.

Period 4: Towards a State Capitalist Order? (2000s onwards)

In reality, however, the neo-liberal conceptualization of the global political economy only had a limited and partial impact on the international oil and gas industries. There was no radical return to the power exerted by the private oil companies and the West prior to the 1970s. Oil-exporting states generally did not relinquish control over their

indigenous energy resources, though they might have permitted greater autonomy for their oil companies and been more open to foreign investment. While in the 1960s, international oil companies (IOCs) owned and controlled the majority of total world proven reserves, this was almost completely reversed by the 2000s, with national oil companies (NOCs) owning and controlling 90 per cent (Marcel 2006, Chen and Jaffe 2007). Accordingly, the reserves available to IOCs were dramatically reduced and IOCs were not welcome in many major oil-producing region, such as the Middle East. Most oil-producing countries had not fundamentally reversed the gains made in the 1970s when they asserted their sovereign rights and control over the domestic oil industry, privileging their NOCs over IOCs.

The underlying resistance to the neo-liberal agenda was further strengthened by the significant shift in the balance of power between consuming and resource-exporting states at the start of the new millennium. During the 2000s, demand for primary commodities rose significantly and prices increased, with oil peaking at \$147 a barrel in 2008. Oil prices dropped with the onset of the 2008 recession but stabilised at over \$100 a barrel despite the general weakness of the global economy (Bridge and Le Billon 2013: 189). In contrast to the predictions of the late 1990s, it was now 'expensive' rather than 'cheap' oil which appeared to be the future market expectation. The renewed power and wealth of the oil-exporting countries has also strengthened their relative bargaining position and, following Vernon's (1971) obsolescing bargaining model, these states, along with their NOCs, have regained most of the ground that they lost or ceded during the previous two decades. As in the 1970s, the resulting relative decline in the power of the oil-consuming states has generated a renewed set of anxieties and fears of the economic and political implications of a revival of 'resource nationalism' and how this might endanger energy security (Friedman 2006, Bremmer and Johnston 2010).

There are similarities in the perceived sense of energy insecurity of the 2000s and the 1970s, given the similar sorts of shift in economic and political power. However, two features of this second energy security crisis are distinctive. First, the renewal of resource nationalism in the 2000s is linked to a series of challenges to Western hegemony which extend much beyond the Middle East. A key example is Russia, where the early post-Soviet openness to foreign investment and the neo-liberal agenda of economic liberalization, deregulation and privatization was significantly reversed during the 2000s. This was particularly evident in the oil industry where President Putin began cracking down on oligarchs in 2003, leading to a wide scale renationalization of Russia's hydrocarbon resources (Goldman 2008, Gustafson 2012). This reassertion of state control, aided by high oil and gas prices, contributed to the more general recentralization of power under Putin and the rise of a more authoritarian political order (Hahn 2004). Putin's resolve to re-create Russia as a great power was also significantly predicated on Russia being an 'energy superpower' and the use of energy as a tool of foreign policy (Rutland 2008). Accordingly, gas supplies have repeatedly been used to pressure former Soviet states, and the Russian-Ukrainian gas crises of 2006 and 2009 in turn led to significant European anxieties over the reliability of gas supplies from Russia.

Another example of the inter-linkages between a revival in resource nationalism and anti-Western politics can be seen in Venezuela. As with Putin in Russia, the election of Hugo Chavez led to the reversal of the earlier liberalization of PDVSA and a significant increase in state regulation and control. Oil revenues, buoyed by higher prices, were used both to promote populist social programmes at home and anti-Westernism and anti-Americanism abroad. The hopes for the spread of

Bolivarian revolution might not have fully realised, but Chavez's policies have been mirrored in other oil-producing countries like Bolivia and Ecuador.

These general shifts in the balance of power between the West and major oil and gas producers, and the greater willingness of the latter to resist Western preferences, has led to a heightened securitization of energy, reflecting greater anxiety among the dominant Western powers. In Europe, for example, the initially somewhat paternalistic approach to Russia in the 1990s, which tended to view Russia as moving in a more integrated and liberal direction in energy relations, shifted to a much more anxious relationship and greater pessimism that Russia would conform to EU norms and practices. Similarly, in Latin America there was a growing sense that resource nationalism was contributing to a more difficult and antagonistic relationship between the region and the West, especially the US. The shift in Iran in 2005 from the relatively liberal Mohamed Khatami to the more radical and anti-Western Mahmoud Ahmedinejad was also seen to be linked to rising oil prices and the support this provided to domestic forces in Iran which wished to challenge the West, most notably over the nuclear issue. Thomas Friedman (2006: 28) popularized this heightened securitization of energy in his 'first law of petropolitics', positing a 'literal correlation between the price of oil and the pace, scope and sustainability of political freedoms and economic reforms in certain countries' (Friedman, 2006: 28).

A second distinctive feature to this second energy security crisis is the significant role of non-Western emerging powers, both in generating and potentially resolving the crisis. First, much of the growth in demand for energy and other resources has been driven not by OECD but by emerging economies, especially China and India. From 2000-2012, there was an estimated 50 per cent growth in resource trade, with advanced economies' share of oil imports dropping in favour of emerging countries from 60 to 50 per cent and for metal imports from 80 to 50 per cent (Lee et al. 2012: 26). Practically all future growth for energy resources is also expected to come from this source. Accordingly, energy security is no longer a preserve of the advanced Western economies but increasingly has to incorporate the anxieties and concerns of the energy-importing emerging economies.

Thus, a new dimension of the energy security debate is whether a convergence in strategic thinking and policy is likely to develop with the emerging economies or whether there will significant divergences and conflicts. This issue has most critically developed in relation to China where a vibrant national debate over energy security has developed since the mid-1990s, when the Chinese economy first shifted from exporting to importing oil. Energy security has, accordingly, been at the forefront of many important Chinese policy initiatives over the last two decades (Andrews-Speed and Dannreuther 2011).

In many ways, one could expect that this Chinese vulnerability to energy insecurity, which is shared by energy-importing Western countries, would lead to increased policy convergence and the prospect for international cooperation. However, this has only occurred to a certain extent. The problem is that a China's approach to energy security has tended to increase rather than calm Western anxieties. First, rather than private oil companies, China's quest for energy security has been driven by the three major NOCs (CNPC, Sinopec and CNOOC), engaging in a strategy of international expansion with direct state support and encouragement. This has fuelled concerns that these companies possess advantages over IOCs, such as direct access to state finance, without the constraint of needing to return value to shareholders. This sense an 'unlevel playing field' has grown with the rapid expansion of Chinese NOCs into practically all major oil-producing regions,

including notably Central Asia, Africa and Latin America. Robert Zoellick, the US under-secretary of state, stated that Chinese penetration into Africa was creating a 'cauldron of anxiety', with fears that China was adopting a neo-mercantilist approach, seeking to control and deny access for other countries to Africa's energy resources (Kessler 2005). An additional fear is that these enhanced Chinese relations with anti-Western oil-producing states, such as Russia, Iran and Venezuela, might lead to a new and more powerful anti-Western axis or alliance (Yu 2003).

In China and other developing countries, there is an analogous fear that Western countries only adopt the rhetoric of a liberal and multilateral approach to energy security but in reality remain wedded to a geopolitical and military approach. The US-UK unilateral invasion of Iraq in 2003 resurrected acute anxieties that the West was seeking coercively to restructure the Middle East so as to ensure its continued hegemony over the world's major oil-producing region. Neo-conservatives in Washington certainly envisaged that a 'democratic' Iraq would open up its oil industry and potentially displace Saudi Arabia, whose relationship with the US was increasingly strained, not least over the perceived Saudi export of radical Islam. Similarly, the Western objective to contain or change Iran's Islamist regime, most notably by imposing an increasingly punitive sanctions regime, was seen critically to undermine the energy security of Chinese and other Asian importing states which need those Iranian supplies for their domestic development. Hu Jintao and the Chinese leadership's concern over the so-called 'Malacca Dilemma', which identified the potential for the US to limit vital oil and other trade supplies to China through a military embargo of this vital waterway, is a further expression of Chinese anxiety over its energy security (Lanteigne, 2008).

International multilateral energy institutions have struggled to adapt to these shifting power dynamics. The most advanced multilateral energy organization, the International Energy Agency (IEA), is structurally limited in its scope by the fact that only OECD countries are eligible to join it and the OECD applies strict membership criteria, including applicants demonstrating that they are democratic, have market-based economies, and respect the rule of law and human rights. Although Western countries may wish to bring China and other major energy consumers into the IEA, these rules impede this, although the IEA has developed stronger relations with the new consumers as well as with OPEC and the main producing countries (Van de Graaf, 2012: 237). The most tangible example of the development of a more inclusive multilateral energy institution is the creation in 2008 of the International Partnership for Energy Efficiency Cooperation (IPEEC), which could possibly act as a model for IEA enlargement. However, the IEA's primacy has also been undermined from within by certain members, most notably Germany, which led the campaign to create a new body in 2009, the International Renewable Energy Agency (IRENA), in part because of the perception that the IEA had been captured by the fossil fuels lobby and lacked credibility to promote renewables (Van de Graaf, 2013). In general, international governance structures have struggled to adapt to the changing global energy dynamics and the tendency is towards greater fragmentation rather than cohesion. The conclusion of one authoritative study is that 'it is unlikely that a coherent energy regime will be constructed over the next few decades, since institutional inertia is strong and the preferences of the major states diverge' (Colgan et al., 2012: 138)

These difficulties in creating a coherent energy regime are also linked to the more state interventionist and politicized development of the international oil and gas industries, which challenged the the salience and validity of the neo-liberal worldview that dominated the 1980s and 1990s. One popular way to capture this is the notion of

a 'state capitalist' mode of governance, where the state is considerably more active and interventionist than under the idealized era of 'liberal capitalism' from the 1980s and 1990s (Bremmer 2009, 2011; Dannreuther and Ostrowski 2013). However, just as the concept of neo-liberalism failed to describe or effectively prescribe the underlying realities of the oil and gas industries, so the concept of state capitalism is similarly imperfect and partial. Although Chavez might have supplied oil cheaply to his political allies, whether Fidel Castro in Cuba or Ken Livingstone in London, he could never afford to break away from the US market for Venezuela's oil exports. Similarly, Putin's geopolitical ambitions to become an 'energy superpower' have in practice been constrained by the need to preserve access to the European gas markets and to secure Russia's reputation as a reliable supplier. Similarly, Chinese NOCs might have benefited from political and diplomatic support from Beijing, but their ultimate ambitions are to become global oil companies serving global, not just Chinese markets (Marcel 2006). Accordingly, much of the oil controlled and owned by these Chinese state-owned companies is regularly sold onto the international oil market rather than shipped faithfully back to China (Andrews-Speed and Dannreuther 2011: 86-7).

The contemporary international order for the oil and gas industries can, therefore, only be described as 'state capitalist' if this includes recognition of the hybridized nature of that order and how it highlights a shift, and not a radical rupture, in the balance in relations between national states and global markets. This can be seen, for example, in the development in relations between NOCs and Western private oil majors, which has involved growing levels of cooperation in various oil-producing regions but has not yet been 'accompanied by integration with Western corporate elite circles' (de Graaff, 175). This might lead towards a more 'state capitalist' energy order, but an equally plausible scenario is that the rising non-Western powers and their companies are gradually 'co-opted' into the existing, if modified, neo-liberal order.

However these dynamics might develop over time, there is still a utility in the framing of 'state capitalism' in the energy sector since it highlights the underlying reality that control of natural resources, which are generally owned by states rather than by companies, inevitably lead to political contestation over the allocation and distribution of property rights. Simply assuming, as the neo-liberal approach suggests, that economic efficiency and value maximization should be the sole criteria for such allocative decisions ignores the fact that any durable arrangement needs to incorporate the issue of political legitimacy. Both Putin and Chavez gained their considerable popularity, and their democratic mandates, on identifying the perceived injustice of the deregulation and liberalization of the Russian and Venezuelan oil industries in the 1990s and the lack of popular democratic legitimation for these developments. Although these are examples of the more radical nationalistic counter-reactions, all energy-producing states need to be conscious that these resources are not just 'private' but also 'public' goods and this essentially political context needs to be incorporated for an effective and domestically politically acceptable inclusion of these industries to serve global markets (Dietsche 2013: 176-83).

Conclusion

This article has sought to provide a broad historical context and political economy grounding for understanding the evolution of the concept of energy security and modes of energy security governance. This initially involved highlighting the way in

which security of oil supplies became the principal concern for energy security and how this was linked to the fears and anxieties generated by the perceived vulnerability of oil supplies from the Middle East. Four key periods were then identified where the concept of energy security is closely linked to the particular modes of governance of the global oil industry which characterized each of these particular periods. As such, a key argument of the article is that the meaning of energy security, defined in terms of its hegemonic use, has historically been inextricably linked to critical shifts in the modes of energy governance. In particular, it was during those periods when there was a clear material shift in power from the oil-consuming to the oil-exporting countries that energy security assumed a significantly higher priority on the international political agenda. It was in the 1970s and now again in the period since 2000 that energy security gained a higher and more visible political salience.

These four different periods should not, though, be understood in a static and unchanging way or as just representing a simple cyclical pattern. Some of the shifts in governance practices and structures have been radically overthrown and will not be replicated. The neo-colonial regime of the 'seven sisters', where the oil industry was a vertically integrated and an oligopolistic market, came to a decisive end with the nationalizations of the 1970s and there is no realistic prospect for Western private oil companies, supported by their home countries, regaining the economic and political power that they had previously exerted. While the 1980s and 1990s did see a determined attempt to open up and liberalize the global energy markets, and thereby fundamentally weaken the power of the oil-exporting states, these efforts ultimately failed to overturn the assertion of national control of the domestic oil resources which had been the main legacy of the shift in power of the 1970s. However, when this failure itself became increasingly apparent with the return of 'resource nationalism' in the 2000s, this did not entail a fundamental reversal in the increasingly liberalized and globalized international oil market.

The governance framework for the international oil industry is, therefore, a hybrid and continually shifting set of structures and practices. The four periods identified are, in Weberian terms, 'ideal-types' and help primarily to identify key shifts in the relative balance of power between the resource-importing and resource-exporting and between the North and the Global South. Energy security is a similarly hybrid and evolving concept and is 'constructed' through the ways in which the shifts in the balance of economic and political power increase or decrease fears, anxieties and vulnerabilities. It should, in this context, be emphasized that there is nothing essential or objective in way in which the hegemonic meaning of energy security has been, as argued in this article, so critically linked to oil and to concerns of insecurity in the Middle East. There are a multiplicity of other ways in which energy security can be understood, as noted earlier in the article. For example, one handbook on energy security identifies sixteen different 'dimensions' of energy security (Sovacool 2011).

One major contender for a paradigm shift in the meaning of energy security is equating it with environmental sustainability and climate security. It is at least arguable that this more radical conceptualization of energy security has assumed an ascendance in European discourses and has been institutionalised through the creation of IRENA. However, beyond Europe, in Asia and the United States, the more traditional conception of energy security, linked to oil and gas and with a particular regional focus on the Middle East, remains paramount. In practice, it would only be when there is a decisive shift in the global political economy to prioritize the transition to a post-carbon future that the meaning of energy security will itself be

transformed. This again highlights the need to see energy security as inextricably linked to the specificities and shifting dynamics of the global political economy.

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