

Global Tides

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## Crude Awakening: The International Politics of Oil

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From the moment it was discovered, oil has been revolutionary in changing lives and reshaping the world. The role of this petroleum product in politics and economies in modern times cannot be understated: oil is crucial. Characteristically, oil holds paradoxical representations and functions. From its early uses in ancient Mesopotamia to today, oil has brought both life and death. Today, the petroleum product fuels the technological and energy power in the industrialized Western world, increasing the mobility of this world in a way that is unmatched by any other resource in the world. At the same time, oil has become a resource that is fought over, resulting in a greedy desire to control the wealth and power it brings—a fact oil-abundant, developing countries in Africa and the Middle East have experienced firsthand.

Therefore, oil's power is twofold: it brings life, illuminating the lives of those who possess it by physically providing a source of energy and light that powers nations and the world's mobility; and on the other hand, oil is a crude, volatile resource of death, as people fight to control the value, power, and wealth it brings. Undoubtedly, oil is the lifeblood of the modern world, in both developed and developing states and in both oil-producing states and in oil-consuming states. For oil's vitality in the landscape of the international political economy, competition to profit from it breeds greed and corruption deep in the heart of individuals, and as a result, it has the potential to play a deadly role.

### **The Vitality of Oil**

The modern age of oil has its roots in the isolated, wooded hills of northwestern Pennsylvania. In the 1850s, Benjamin Silliman, a professor of chemistry at Yale University, accepted a research project to make an extra source of income. The investors of the research project, George Bissell and James Townsend, wanted to explore the potential for a resource

called “rock oil.” Bissell and Townsend’s curiosity was based off the hypothesis that rock oil could be exploited in large quantities and be burned as an illuminant. With this, these men had hopes that they could “light up the towns and farms of North America and Europe.”<sup>1</sup> Thus, sparked by curiosity and the dreams for a brighter world, the age of modern oil commenced.

The discovery of rock oil in Pennsylvania was a pivotal moment leading to the establishment of the petroleum industry as it exists today. At the time, oil was deemed “the light of the age” and with it came much hope and excitement at the prospects of future technological innovations and expansions, as “man was suddenly given the ability to push back the night.”<sup>2</sup> Humans could thereafter work longer and bring about new innovations with the light and life oil supported. People were both mesmerized and horrified at the immediacy in which oil caused disorder and greed, as people frantically rushed to gain access to it.<sup>3</sup> Thus, the reaction to the discovery of oil foreshadowed the ways in which the power of oil would come to be harmful and chaos-provoking in the 20th and 21st century.

It is important to note this was not the first discovery of oil, and oil was not completely unknown to humans at this time. Dating back to ancient Mesopotamia, a petroleum product called bitumen, otherwise known as asphalt, was an abundant and valuable resource that had a variety of uses.<sup>4</sup> In fact, bitumen bound the walls of Jericho and Babylon and was also used for its pharmaceutical and healing properties.<sup>5</sup> In this light, oil provided life for the ancient

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<sup>1</sup> Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Free Press, 2009), 22.

<sup>2</sup> Yergin, *The Prize*, 32-34.

<sup>3</sup> *Ibid.*, 36.

<sup>4</sup> *Ibid.*, 25.

<sup>5</sup> *Ibid.*

Mesopotamians. However, even from its origins in Mesopotamia, oil took on a deadly role, as it was used as a tool of warfare to inflict harm on enemies. The Byzantines perfected their use of this resource as a weapon of war and called it Greek fire.<sup>6</sup> From ancient times, oil has acted as both life and death.

People had no awareness in the 1850s for just how important oil would become in the following centuries. Immediately, there was a global demand for oil, and world trade began to bring it to Europe. For the following decades, oil fueled the Industrial Revolution and increased technology and global connections. In addition, with the outbreak of World War I in 1914, oil certainly played a critical role in powering nations and allowing for new military innovations. At the end of World War I, the Allies came to victory “upon a wave of oil.”<sup>7</sup> Oil gave the Allies life, allowing them to succeed in war. People began to realize from World War I that petroleum was now a vital element in a state’s strategizing—politically, militarily, and economically. Countries needed oil for power and economic prosperity, and post-war politics became dominated by the desire to control and possess oil. Civilians and states recognized what they could accomplish with oil, prompting them to demand more of it.

By 1973, oil was “the lifeblood of the world’s industrial economies,” fueling the modern industrial world as it exists today.<sup>8</sup> The Independent Petroleum Association of America describes oil as “black gold” and as the dominant energy source for the 20th century and the foreseeable

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<sup>6</sup> Yergin, *The Prize*, 27.

<sup>7</sup> *Ibid.*, 241.

<sup>8</sup> *Ibid.*, 758.

future of the 21st century, ensuring oil's relevance and power for years to come.<sup>9</sup> At the heart of the international political arena, oil is the single largest commodity in international trade. Oil is universal and is considered vital to the success of a nation's businesses and economy. For example, without petroleum products, critical components of the world's mobility and production, such as cars, airplanes, fast-moving machinery, or factories would not be possible. The United Kingdom believes that the world places petroleum products on the same level of importance as food—without either one a country would collapse.<sup>10</sup> From this, it is evident how important oil has become in the everyday life of nations and civilians, and access to it has become a crucial factor in the policy making of states.

World dependence on oil has grown in recent years, and as a result, oil has become more and more significant in international relations. Oil is volatile and vital in peaceful times, and it becomes even more so in war. It cannot be ignored that the years around the two World Wars saw the rise of the power struggles between states competing for control of oil, as people realized the power it brings. From this realization, the prevalence of oil has changed international relations and the shape of the modern world. This resource has transitioned from the bright lifeblood of economic expansion in its early days to the deadly source of war and corruption today. Two factors bring understanding in how oil has taken on a dominant, harmful role in the international political economy: the interdependence theory, examined in the case of Middle East, and the resource curse, examined in developing, oil-abundant African states.

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<sup>9</sup> Ago-Iwoye and Antonia T. Simbine, "International politics of oil and the clash of dependencies," *African Journal of Political Science and International Relations* 2, no. 4 (December 2008): 77.

<sup>10</sup> Edmond J.W. Slade. "The Influence of Oil on International Politics." *The Royal Institute of International Affairs* 2, no. 6 (1923): 253.

## The Conflicts of Interdependency in the Middle East

To begin, the interdependence theory argues that with the world's rapid consumption of oil as a source of energy, there is a growing interdependence between oil-consuming countries and oil-producing countries, as both rely on the commodity for economic function. Largely, this relationship can be seen as a separation between the South, the developing oil-producing nations that largely lie south of the equator, and the North, the developed oil-consuming nations that largely lie north of the equator. World crude oil production by region reveals that "southern producing nations are highly favored in reserves while demand and need are in the northern (developed) nations."<sup>11</sup> This separation of roles has created an interdependence between states, prompting many competing conflicts over the control of and access to oil.

First, in the Middle East, the region has experienced violent conflict and war as a result of its dependency on its vast preserves of oil. Referencing back to ancient Mesopotamia, where oil was used as a weapon of war by the Byzantines, oil has once again taken on a deadly role in modern affairs. "Black gold" was re-discovered in Persia in 1908, and after the first World War, the Middle East became a hotly debated and fought over region, desired for its potential of having petroleum. In fact, after World War I, both Britain and France attempted to expand their colonial control and draw borders to protect Western oil interests in the region.<sup>12</sup> Later, to counteract this Western interference and manipulation of oil in the region, OPEC, the Organization of Petroleum Exporting Countries, was created in 1960 by five oil-abundant

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<sup>11</sup> Iwoye and Simbine, "International Politics of Oil," 77.

<sup>12</sup> Philippe Le Billon and Fouad El Khatib, "From Free Oil to 'Freedom Oil': Terrorism, War, and US Geopolitics in the Persian Gulf," *Geopolitics* 9, no. 1 (2004): 109.

countries: Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela. They formed a cartel-like alliance to control oil supply and the economic profit from it. There are 15 member nations today.

Oil takes on a deadly role for the first time in modern history in the Middle East: it is used as a weapon of war. Because of the interdependence of nations on oil, the utilization of the resource as a weapon of war is harmful to economies on either side of the conflict. On October 6, 1973, the October War, the fourth war of the Arab-Israeli wars, started on Yom Kippur, the holiest day of the Jewish year. Israel, supported by the United States, was attacked by Egypt and Syria, both supported by the Soviet Union. In the same month, OPEC raised oil prices by 70% before imposing a total embargo on oil exports to the United States and the Netherlands as punishment for their support for Israel in the war.<sup>13</sup> The war was unique in that it was the first to institute one of the most potent weapons of war unique to the Middle East: “it was the oil weapon, wielded in the form of an embargo.”<sup>14</sup>

Here lies a perfect example of the clashing of dependencies that exists between the oil-exporting countries and the oil-consuming countries as a result of the power-struggles for oil. The U.S. was heavily reliant on the Middle East for oil; during the embargo, then, the U.S. suffered from a lack of oil. This embargo “struck at the heart of the American economy” by causing high inflation and a stagnant economy.<sup>15</sup> Contrarily, there is a level of dependence of oil-producing nations on oil-consuming nations, as the “levels of economic dependence on oil revenues in the region are high ranging from 22 per cent to 53 per cent of GDP,” providing justification that oil-producing nations are just as dependent on oil and its revenues for their

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<sup>13</sup> Mary H. Cooper, “Oil Production in the 21st Century,” *CQ Researcher* 8, no. 29 (1998): 683.

<sup>14</sup> Yergin, *The Prize*, 758.

<sup>15</sup> Cooper, “Oil Production,” 673.

income.<sup>16</sup> As a result of the Arab-Israeli conflict and the following oil embargo, a division in the Arab oil world was created with Iraq on one side and Saudi Arabia, Kuwait, and Libya on the other. Iraq wanted to maintain the embargo, yet the other three countries needed to re-commence oil production in order to save their economies—their economies that were dependent on oil just as much as the United States.<sup>17</sup> In this sense, OPEC nations and the United States felt the economic repercussions of their lack of production and exportation during the embargo. Each side is dependent on one another for economic profitability.

In the Persian Gulf, this mutual dependence is only expected to rise. The Southern developing nations remain dependent on Northern developed nations for technology and food and are subsequently unable “to mount any serious, considerable and lengthy opposition against the North.”<sup>18</sup> In turn, because the Persian Gulf and the Southern world remain the world’s core provider and center of the global political economy of oil, this region holds power in its ability to uniquely supply oil, leaving the Northern world largely dependent and with little alternative options to sources of oil. However, in recent years, the Northern states have expressed a desire and have attempted to reduce their dependency on Middle Eastern oil, looking to Africa and elsewhere as alternative sources. However, extracting oil from Africa could also be a harmfully interdependent relationship, as the oil-producing countries in Africa are arguably worse off and more reliant on oil than those countries in the Middle East. Paul Collier, in his book *The Bottom Billion*, which explains why developing countries and their people, the bottom billion, are failing, says that the Northern world continuing to become “reliant upon the bottom billion for

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<sup>16</sup> Le Billon and El Khatib, “From Free Oil to Freedom Oil,” 114.

<sup>17</sup> Christopher R. W. Dietrich, “Arab Oil Belongs to the Arabs,” *Diplomacy and Statecraft* 22 (2011): 460.

<sup>18</sup> Iwoye and Simbine, “International Politics of Oil and the Clash of Dependencies,” 82.



natural resources sounds to me like Middle East 2.”<sup>19</sup> This interdependence between the North and South is complex and will only continue to grow as the developed world continues to demand oil from the developing world and the developing world deepens its economic dependence on oil revenues.

Specifically, the oil embargo of 1973 “altered irrevocably the world as it had grown up in the postwar period” as countries realized they could utilize oil to their advantage.<sup>20</sup> After this, oil became a weapon of war, as southern developing nations realized oil could be used as bargaining power. In this region, oil has not only motivated foreign interests but has also altered the balance of power among nations.<sup>21</sup> Oil acted as a pawn in these countries' quest for power and control, and this played an important role in wars in the region. For example, in the Cold War era, the United States maintained a strong military presence in the Middle East in order to ensure it did not fall to communism, which would have allowed the Soviet Union to block a source of U.S. oil.<sup>22</sup> Dependent on Persian oil and desperate to save their access to it, the U.S. utilized military forces to protect its source of petroleum.

Further, Iraq justified its 1990 invasion of Kuwait on the grounds that Kuwait had illegally tapped into its cross-border oil fields and subjugated Iraqi oil prices. This conflict resulted in a lethal combination of war and economic sanctions that led to domestic rebellion and internal repression.<sup>23</sup> In these instances, oil has developed as a source of power that has

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<sup>19</sup> Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It* (Oxford University Press, 2007), 69.

<sup>20</sup> Yergin, *The Prize*, 758.

<sup>21</sup> Le Billon and El Khatib, “From Free Oil to Freedom Oil,” 110.

<sup>22</sup> Iwoye and Simbine, “International Politics of Oil and the Clash of Dependencies,” 80.

<sup>23</sup> Le Billon and El Khatib, “From Free Oil to Freedom Oil,” 112.

ultimately bred corruption, war, and death. The co-founder of OPEC, Pablo Pérez Alfonso, called oil the “devils excrement” alluding to just how evil this black liquid can be.<sup>24</sup> Perhaps one of the most lethal acts of war and terrorism caused by the desire for oil revenues and power happened on September 11, 2001. The atrocities that happened in New York City represent the desperation of dependent nations and their desire to control oil. Osama bin Laden, leader of al-Qaeda, justified the terrorist acts on 9/11 by mentioning and blaming the U.S. for the “oil-related presence of US troops on the Holy Soil of the Arabian Peninsula and the moral corruption of the oil-rich Saudi regime.”<sup>25</sup> Developing countries dependent on oil revenues are desperate in gaining access and maintaining control of it, for their economic success depends upon it. As seen, they will go to war in order to protect their oil.

### **The Curse of Oil in Africa**

While the interdependence theory focuses on how countries’ mutual-dependency on oil has harmful effects in the international political economy, the resource curse focuses specifically on how a resource-abundant country itself is harmed. The resource curse argues that resource-rich countries face troubles tied directly to having an abundance of resources. Theorists of the resource curse describe the occurrence in which mineral-dependent states have a tendency to fail to harness their resources for national development while at the same time be harmed by their resource. In short, it is the paradox of plenty. In the case of the resource curse, oil dependency

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<sup>24</sup> Le Billon and El Khatib, “From Free Oil to Freedom Oil,” 111.

<sup>25</sup> Ibid., 116.

for states can result in stagnant economic growth while also increasing the risk of “violent conflict, greater inequality, less democracy, and more corruption.”<sup>26</sup>

Political Scientist Michael Ross argues the resource curse explains why a country with resources faces difficulties. Specifically, he details that the resource of petroleum has three important effects: “it tends to make authoritarian regimes more durable; it leads to heightened corruption; and it helps trigger violent conflict in low- and middle-income countries.”<sup>27</sup>

Increasingly important in the understanding of war-torn areas in resource-rich developing countries is the fact that “only one type of resource has been consistently correlated with less democracy and worse institutions: petroleum.”<sup>28</sup> For many reasons, the finding that countries and governments with more oil wealth—specifically those that find oil prior to becoming democratic—tend to maintain autocratic governments and are less likely to transition to a democracy is widely supported with evidence. Most of these states with an abundance of oil and a strong lack of democracy are in the low and middle income countries in the Middle East and Africa.

In Africa, examinations of the resource curse are pivotal in understanding oil’s capability of violence and corruption. There are currently eight petrostates in Africa that are divided into two categories: old oil-exporting states (Gabon, Nigeria, Cameroon, Congo, and Angola) and new African petrostates (Sudan, Equatorial Guinea, and Chad). In all of these countries, there is “an absence of democracy, corruption, lack of transparency, lack of accountability, and the

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<sup>26</sup> Nicholas Shaxson, “Oil, Corruption and the Resource Curse,” *Royal Institute of International Affairs* 83, no. 6 (1944): 1123.

<sup>27</sup> Michael L. Ross, “What Have We Learned about the Resource Curse?” *Annual Review of Political Science* 18, no. 1 (2015): 240.

<sup>28</sup> Ross, “What Have We Learned,” 241.

violation of human rights” on an overarching scale.<sup>29</sup> In addition, oil-producing countries like these have a higher risk for terrorism as oil in the region, coupled with an uneven distribution of oil wealth, causes intense sentiments of hatred toward those who control access to oil. These emotions have an increased risk of being channeled and expressed through terrorist groups.<sup>30</sup> These eight African countries lie at the heart of the resource curse: they are abundantly overflowing with oil, yet they remain some of the poorest, most dangerous countries on earth.

For instance, Nigeria remains one of the poorest countries in the world while maintaining its stance as the highest oil-producing country in Africa. It sits on 36.2 billion barrels of oil and produces more than 2.5 million barrels of oil each day; however, 70% of its population lives on less than \$1 a day, creating large disparities between its civilian population and the elite rich.<sup>31</sup> Since the start of its oil boom in the 1970s, Nigeria’s GDP per capita has fallen. As a result, there is armed conflict over oil-corruption in the Niger Delta where the terrorist group MEND, the Movement for the Emancipation of the Niger Delta, operates against foreign oil companies. Environmentally the Niger Delta has been devastated by frequent oil spills, and the people who live in this region have been displaced as a result. Fueled by anger, MEND has attacked oil companies and abducted their workers.<sup>32</sup> This violence is an out-lash against corrupt government activity, its failure to evenly distribute oil wealth, and its inability to protect the

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<sup>29</sup> Didier T. Djoumessi, *The Political Impact of the Sino-U.S. Oil Competition in Africa* (Adonis & Abbey Publishers Ltd, 2009), 137.

<sup>30</sup> Chia-yi Lee, “Oil and Terrorism: Uncovering the Mechanisms,” *Journal of Conflict Resolution* 62, no. 5 (2018): 911.

<sup>31</sup> Djoumessi, “The Political Impact of the Sino-US Oil Competition,” 139.

<sup>32</sup> Lee, “Oil and Terrorism,” 909.

environment. This further exemplifies the resource curse and the problems that can arise from having an abundance of oil.

Similarly, although Angola is abundant in oil, an estimated 70% of its population lives below the poverty line,<sup>33</sup> and its under age five mortality rate is the second worst in the world.<sup>34</sup> Further supporting the theory that an abundance of oil can motivate and lead people to engage in terrorist activity is the presence of FLEC, the Front for the Liberation of the Enclave of Cabinda, in Angola, a terrorist organization created in response to people's anger of the unequal distribution of oil wealth. They are also enraged over the environmental destruction of land where oil is drilled.<sup>35</sup> The parallels between Angola and Nigeria are no coincidence. In addition, in the Angolan civil war, a different rebel group, UNITA, the National Union for the Total Independence of Angola, was financed by diamonds and fought against the MPLA, the People's Movement for the Liberation of Angola, which is the government organized coalition funded by oil—both sides were fighting for higher prices for their resource.<sup>36</sup> Moving forward, oil in the Congo has been the source of civil wars and constant unrest in the country for past decades.<sup>37</sup> Clearly, the presence of oil and the desire for its power causes conflict.

Another example of a corrupt country failing to evenly distribute oil wealth in Africa is Equatorial Guinea, “the star growth performer among all the economies of the bottom billion.”<sup>38</sup>

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<sup>33</sup> Djoumessi, “The Political Impact of the Sino-US Oil Competition,” 143.

<sup>34</sup> Shaxson, “Oil, Corruption, and the Resource Curse,” 1123.

<sup>35</sup> Lee, “Oil and Terrorism,” 910.

<sup>36</sup> Collier, *The Bottom Billion*, 43.

<sup>37</sup> Djoumessi, “The Political Impact of the Sino-US Oil Competition,” 146.

<sup>38</sup> Collier, *The Bottom Billion*, 27.

In fact, many saw Equatorial Guinea as having the potential to become the Kuwait of Africa because this tiny African country sits on an estimated 2 billion barrels of oil. In 2001, the country grew at an economic growth rate of 65%, making it one of the highest in the world.<sup>39</sup> However, the elite, autocratic government is harboring all the wealth while its citizens wait in poverty for their fair share. Exemplifying the resource curse in true fashion, Equatorial Guinea has a high level of corruption, human rights violations, and political repression.<sup>40</sup>

The corruption by those in control as a result of their desire to concentrate power and harbor all of the oil wealth of the country is no coincidence. In all eight of these oil-producing countries in Africa, the governments exemplify bad governance and are in need of democracy, yet most studies conclude that the presence of oil strengthens “authoritarian governments and prevent[s] them from transitioning to democracy.”<sup>41</sup> An answer for these countries is to distribute oil-wealth more evenly to all citizens.<sup>42</sup> However, because corrupt politicians and bad governance at the top will try to prevent the imposition of oil-wealth distribution policies, transition will be difficult, if not impossible.

This paper examines the resource curse in Africa and the interdependence theory in the Middle East, yet the interdependence theory can be applied to Africa and similarly, the resource curse to the Middle East. For examination purposes, however, it is helpful to see how one theory plays out in a specific region of the world. Dependence on any primary commodity—especially

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<sup>39</sup> Djoumessi, “The Political Impact of the Sino-US Oil Competition,” 148.

<sup>40</sup> *Ibid.*, 149.

<sup>41</sup> Ross, “What Have We Learned,” 244.

<sup>42</sup> Shaxson, “Oil, Corruption, and the Resource Curse,” 1135.

oil—increases a country’s risk of civil war and violence.<sup>43</sup> As a result, oil has taken on a deadly role, fostering conflict, violence and war in the 20th and 21st centuries.

Oil is power in the form of a crude, volatile black liquid. It is capable of starting wars and of exacerbating existing ones. If found in the wrong hands, these petroleum products can breed war and corruption like no other natural resource. However, the necessity and the ultimate benefits of oil cannot be ignored by those who exist in modern times and benefit from it. Oil remains vital to an industrialized nation’s economy, as businesses and technology rely on oil for production and efficiency. Without oil, the mobile and interconnected world of today would not exist. With its re-discovery in modern times, oil has been an extremely sought-after resource with people all over the world vying to control it.

Oil, however, is a finite resource and does not exist in infinite quantities. One day the world will begin to run out of oil, and the price of it will rise as production peaks. Oil-producing countries will continue to suffer violence and political corruption as they vie for control of the remaining oil. This moment will be pivotal in the history of oil, as it will mark the beginning of the stagnation of oil production. However, there is hope that the technology that has allowed for the detection of new oil deposits in the 20th century will continue to detect new oil sources in the 21st century. Further, the rise of technology in the United States is expected to enable the creation of energy alternatives to oil, such as the production of electric cars that run on fuel cells instead of gasoline.<sup>44</sup> No matter, oil is critical in today’s economy, and when it is gone or no longer desired, the world will desperately demand a replacement. The question remains whether

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<sup>43</sup> Collier, *The Bottom Billion*, 38.

<sup>44</sup> Cooper, “Oil Production,” 682.

this future energy replacement will contain the same potential harmful effects as petroleum products.

In all, the importance of oil in the international political economy cannot be overstated. Oil is the lifeblood of the modern day international economy, and as a result, its control and utilization has become a highlight of international political discussions. Oil is at the center of fueling both every day life in the United States and the wars in Nigeria and Angola. From examining the interdependent relationship that exists between oil-producing nations in the Middle East to oil-consuming nations in the West, to recognizing that power struggles for control of oil often result in war and terrorism, to the reality of the resource curse in Africa and that not all states are better off because they are abundant in a resource, oil is dynamic and deeply interconnected into the international political economy. Oil has been and continues to be revolutionary in paving new paths in technological discoveries and in the mobility of mankind, yet this power also grants it the forceful harm in breeding greed and corruption that leads to war and terrorism. Oil is both life and death.