

THE UNITED STATES AND IRAQ: MAKING SENSE OF THE OIL FACTOR

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When Winston Churchill made the historic switch from coal- to oil-fired naval vessels prior to World War I, the international oil market was born. It became international since the oil used in these vessels was located in the Middle East; it became highly politicized due to the immediate security importance of the oil resources for warfare. In fact, you could say that oil was a strategic commodity before it became a commercial commodity.

The U.S. awareness of this strategic aspect grew dramatically over time. In 1941, Franklin D. Roosevelt brushed off a request from American oil companies to provide economic support to Saudi Arabia: "Will you tell the British," he told his aide, "... I hope they can take care of the King of Saudi Arabia. This a little far afield for us."¹ Only two years later, Saudi Arabia was included in the Lend-Lease arrangement, and Roosevelt proclaimed, "The preservation of the independence and territorial integrity of Saudi Arabia is vital to the defense of the United States."² The immediate reason for this change of opinion was the increasing U.S. demand

for imported oil during World War II.

The close connection between the oil market and Middle East politics became even more evident with the Arab oil embargo of 1973 and the dramatic 1979-81 price increases related to the Iranian Revolution and the outbreak of the Iran-Iraq War. Today, with the Iraq War and the subsequent hike in oil prices, international oil politics is once again in the spotlight, spawning book titles not seen in the last 30 years: *The End of Oil: On the Edge of a Perilous New World*; *The Oil Factor: How Oil Controls the Economy and Your Financial Future*; *Blood and Oil*; and *Oil, Jihad and Destiny: Will Declining Oil Production Plunge Our Planet into a Depression?*

The strategic value of oil means that political factors will continue to influence the international oil market. No one should be surprised that a country that consumes a quarter of the world's oil finds the region holding two-thirds of the world's oil reserves to be of the highest political importance. The real question is to what extent a single country – even a very powerful one – can *deliberately* shape the international

oil market through political means. More to the point, if oil is the motive, to what extent is occupying Iraq the answer?

A RATIONAL FOREIGN POLICY

In order to disentangle the different elements of current U.S. foreign-policy behavior towards Iraq, we need a few analytical concepts. After World War II, the idea emerged that we need to look at political and bureaucratic behavior inside other states in order to understand the interaction among states. This analytical tradition, known as the study of foreign-policy decision making, was boosted in the wake of Graham Allison's famous study of the Kennedy administration's behavior during the Cuban missile crisis.³

One of the concepts elaborated by Allison also guides this study: the concept of rationality. But what does this actually mean for U.S. oil policy in Iraq? It means at least three things: First, to what extent are the energy goals of the U.S. government consistent with the structure and functioning of the international oil market today? Second, are the costs involved in U.S. Iraqi policy related to the possible U.S. gains in the oil market? Third, are U.S. energy goals and the political ambitions of the United States regarding the Middle East consistent? Neither the Bush administration's stated goals behind its Iraq policy, as anti-terror or democratization, nor its critics' claim that the goal behind the policy had everything to do with oil, are substantiated. An alternative explanation is launched, but more important, the study shows how the military capacity of the United States is totally inadequate for achieving legitimate U.S. goals in the international oil market.

SECURING SUPPLY?

The argument goes that the United States is concerned about dwindling oil supplies and is thus occupying Iraq to add to the oil reserves it controls. For this to be rational, oil supplies must actually be threatened. Current best-sellers notwithstanding, however, there does not appear to be any real sign of danger.

Whenever oil prices are high, doomsayers predict the end of oil because price increases have been interpreted as signaling scarcity. The perception of scarcity leads to projections of continuous price increases, which again are taken as evidence of scarcity. There is inarguably a fixed amount of physical oil reserves in the world, but as a prominent student of the world oil market, Morris A. Adelman, has said, "Whatever is left in the ground is unknown, probably unknowable but surely unimportant; a geological fact of no economic interest."⁴ The true signal of scarcity is the cost of replacing the oil produced with new reserves. Although it is hard to believe with the present public hysteria over rising oil prices, a large portion of the world's oil reserves are, in fact, located in countries with *falling* replacement costs.⁵

Furthermore, the potential for new oil discoveries is substantial, particularly in the Middle East. Iraq is regarded as having the second largest reserve base, having explored only a fraction of its potential oil provinces. In Saudi Arabia, systematic exploration has not been conducted for decades. With a sustained period of increasing demand, Middle East oil producers could easily add billions of barrels to the total world reserves of conventional oil. In the past, their production capacity has by far exceeded perceived future demand.

Thus, they have had no incentives whatsoever to make costly investments in order to add new production capacity, which, if utilized, would have implied declining oil prices. With future increases in demand, OPEC stands to gain more from a slow increase in capacity than from a rapid response.⁶ Prices might remain high without indicating reserve scarcity, but rather indicating a new tool for market power in the hands of the oil producers.

It is also important to note that much of the oil being extracted today has a selling price well above what is needed to cover costs and earn a fair profit. Thus, the incentives for cost-cutting in these areas are few. In areas other than the Middle East, such as the North Sea, where profit margins from time to time have come under pressure, substantial cost-cutting efforts have been successfully implemented. New technologies in every aspect, from exploration to drilling, have substantially improved the amount of oil extractable from the reservoirs and the costs of bringing them to the market. There is no reason to believe that this development would halt now, not least because current oil prices would defend increased investments in new and improved technologies. President George W. Bush has recently expressed himself in this regard: "Our country is on the doorstep of incredible technological advances that will make energy more abundant and more affordable for our citizens."⁷

There are no signs today that overall replacement costs are increasing, nor does the present production level seem to be depleting world oil reserves. The so-called R/P ratio divides the total proven oil reserves by the production level and expresses the number of years the present

production level can be sustained given the proven reserves. In 1980, the world's R/P ratio was 25 years, making 2005 the last year of oil. In 2005, the figure has risen to 40.5 years.⁸ Not only have the world oil reserves been sustained, they have increased even relative to the higher production levels. As pointed out many times by another prominent student of international oil, Peter Odell, the world is still "running into oil, not out of oil."⁹

The question then becomes whether the United States could be running out of oil at the same time as the rest of the world is running into oil, so that the United States would experience scarcity while the rest of the world had sufficient supplies. On the surface this seems plausible, especially since the 2001 *National Energy Policy Report*, also known as the Cheney report, does not consider global energy security issues at all, but starts out by declaring an *American* energy shortage.¹⁰ The problem is that this separation of the United States from the rest of the world is a notion that is uninformed of the structural changes that have taken place in the international oil market over the last three decades.

Until the 1970s, the integrated oil-market structure allowed multinational oil companies to balance world demand and supply through a vertically integrated system. One single oil company controlled the whole vertical production chain from oil fields to gas stations. OPEC's nationalization of oil-industry assets in the 1970s introduced new market mechanisms, primarily through the system of official selling prices and long-term contracts with a variety of oil companies. Although crude-oil production was increasingly handled by the national oil companies of the OPEC countries, refining and marketing remained

to a large extent in the hands of the international oil companies. The long-term contracts created firm bonds between seller and buyer. However, throughout the 1970s and early 1980s, the decline in demand and the appearance of new oil producers outside the cartel made it very difficult for OPEC to enforce its official prices. As a consequence, long-term contracts were gradually phased out.¹¹

This system was replaced by the development of a spot market (a market for single crude cargoes), which is characterized by short-term contracts, a high rate of turnover and sensitivity to outside events. Single cargoes of oil could be sold dozens of times before finally arriving at the refinery. Under these market conditions, individual producers, both OPEC and non-OPEC, had no guarantee of the long-term loyalty of their customers. Nor did it make any sense for them to isolate the security of supply of an individual consuming country. The prominent perspective of energy independence in the political debate on these issues in the United States is rather a matter of energy interdependence.¹²

Today, unless the entire international oil market is restructured, it is almost impossible for any producer to keep some consumers well supplied while others suffer from lack of supplies. Rather, the oil traders have gained an increasingly important position in the short-term market, making it very hard for the authorities of producing or consuming countries to determine the actual flow of traded oil. The conclusion is that U.S. security of supply *is* global security of supply and vice versa. However, supply stability, as argued here, should not be confused with price stability. One could very well have a situation with ample supplies in which the price fluctuates

widely. Thus, the question becomes whether it is possible for the United States to use political means to control oil prices.

CONTROLLING PRICES?

During the late 1980s and early 1990s, one of the most prominent features of oil trading was the increased activity in the paper and semi-paper markets. The forward market is actually a market for spot transactions in which oil is traded for delivery at a future time. So the forward market is a semi-paper market, as it is actual physical crude that is traded. A more genuine paper market is the so-called futures market. Futures contracts are at the outset designed for financial purposes. In contrast to a physical market, in a futures market “the trader will buy or sell not because she/he has a *physical need* for the item but entirely on the basis of expectations about subsequent price movements.”¹³ The futures market reduces not only the buyers’ costs of ensuring access to the commodity, but also the producers’ access to market outlets. It also exposes the price setting to factors relevant to the investment decisions of actors in the various financial markets, but irrelevant to the supply and demand of oil. In certain circumstances, this can create great volatilities in the oil price as financial institutions and investors move in and out of bonds, foreign exchange and oil futures based on expectations regarding relative profitability. These changes in international oil trade make it more complicated for OPEC, or any other outside actor for that matter, to influence the oil-price development. By the end of the 1990s, the short-term development of the oil price was left in the hands of the oil-market traders. It still is.

That the international oil market of 2005 differs along important structural lines compared to the international oil market of the 1970s is abundantly clear. In the short term, the oil traders are in charge of price formation. The ownership of oil cargoes is potentially impossible to trace from producer to consumer. In this respect, the producer and the consumer are detached from one another. Setting the price of oil by political decision is no longer an option, either for producer or consumer. In the past, producers could make secret deals with consumers and discriminate among them by giving preferred customers a better price. Today, the only way to influence prices is to change the traders' beliefs about the future price of oil. Political actors are not totally without means for achieving this. Physical control over oil resources is obviously one such tool.

THE IRAQI OIL PRIZE

In both a short- and long-term perspective, the Middle East countries are paramount for the determination of oil prices. About a third of the world's oil supply comes from the area. A conflict that could potentially disrupt any aspect of this supply will immediately affect the price of daily traded oil. This makes the Middle East important for all oil-consuming countries, regardless of how much oil they receive directly from the region. The fact that two-thirds of the world's proven oil reserves are located in the Middle East indicates the long-term role of this region. Ten percent of the reserves are located in Iraq, the second largest in the world after Saudi Arabia. But it is a far leap from acknowledging that Iraq has the geological potential to become a major producer to claiming that whoever controls Iraqi oil controls the

world oil price. Such an influence would require a substantial increase in Iraqi oil-production capacity. Increasing today's production of just below two million barrels per day (mbd) to six mbd is estimated to cost \$30-40 billion.¹⁴ This figure does not include the costs of securing personnel and physical installations. The immediate problem in Iraq is how to stop the sabotage of the existing infrastructure. The northern pipeline was allegedly blown up 37 times during 2004; the terminals in the south have been attacked at least ten times in the same period.¹⁵ Iraq as a consumer-friendly producer, flooding the market in order to drive prices down, is a distant and highly uncertain scenario.

In the short term, the direct costs alone of the Iraq War for the United States have reached \$150 billion.¹⁶ More important in this context, the present situation in Iraq adds about \$10 to the world oil price.¹⁷ U.S. policy in Iraq has thus led to an increased oil price, rather than the opposite. The interdependence of the present international oil market suggests that this price effect spreads globally. We can thus calculate the following annual cost to U.S. oil consumers: an approximately \$10-per-barrel price increase times 20 million barrels consumed per day times 365 days a year equals \$73 billion in annual additional costs for U.S. oil consumers.

The prospects of a long-term payoff for this strategy are equally grim. Before the Iraq War in 2003, the OPEC countries aimed at keeping the price between \$22 and \$28 per barrel, which most people today would regard as fairly reasonable. However, if the price only returns to its pre-war level, all public outlays and the price increase for U.S. consumers will have been wasted without any further

economic gains.

The conclusion so far is that neither the security of supply nor the price of oil can be effectively controlled by political instruments resembling the ones used today by the United States in Iraq. The relationship between the Iraq War and oil prices is eloquently described by Anthony H. Cordesman, senior fellow at the Center for Strategic and International Studies in Washington: "Let's get real. We have no idea what the oil market is going to be. We don't know how quickly Iraq can come back online. We don't know what level of surplus production will exist. We don't know how OPEC will respond. ... Trying to shape world oil prices on the basis of a war in Iraq is sort of like trying to sculpt an iceberg with the Titanic."¹⁸ The structural conditions in the oil market and the costs connected with the use of political force suggest that any direct influence on the world oil-market price is hard to achieve, even for the world's hegemonic power.

REGIME SHIFT?

The question then becomes whether a more indirect strategy would be sound. The argument here is that the United States set out not to control Iraqi oil, but to install a regime in Baghdad that would be more responsive to U.S. interests. This is a slightly more sophisticated way of arguing that oil is an important motive behind the U.S. policy in Iraq. To what extent certain political regimes are more likely than others to hold back oil production in order to increase the price is a plausible hypothesis well worth exploring. If this has merit, then a sound political strategy to ensure a lower oil price would thus be to change the political regimes of oil-producing states in order to ensure that they pursue a low-

price strategy by increasing their oil exports.

Many of the most important oil-producing countries are ruled by autocratic regimes. As argued by Barry Buzan, "The whole *Zeitgeist* of the twentieth century has posed a political threat to the legitimacy of monarchical rule. ... The mystery is how such anachronistic forms of government manage to survive at all."¹⁹ Oil plays an important role in sustaining these regimes. Autocratic regimes do not need to legitimize their decisions to the population in an election. Oil-rich autocratic regimes are rentier states that fully control the oil resources, derive all or most of their income from them, and thus do not need the economic support of the population through taxation. None of the OPEC countries fulfill criteria for electoral democratic procedures set by the Freedom House organization.²⁰

However, oil is not the only factor determining the type of political regime in a country. Samuel Huntington has argued that in the future, "The great divisions among humankind and the dominating source of conflict will be cultural [and]... the principal conflicts of global politics will occur between nations and groups of different civilizations.... The fault lines between civilizations will be the battle lines of the future."²¹ What is relevant in this context is that the dominant oil producers also have common cultural characteristics. Among the countries one could reasonably call Islamic, one finds almost 80 percent of world oil reserves and 40 percent of world oil production.²² Only 19 percent of Muslim-majority countries are democracies, compared to 61 percent of the world total.²³ It should also be noted that the Muslim democracies are outside the Arab

region; among the members of the Arab League, none can be regarded as a real democracy. The Islamic countries are less free and democratic than the rest of the world, and among the Islamic countries, the oil-rich are less free and democratic than the others. It is reasonable to suggest that both religion and oil reserves influence the political regimes of the oil-producing countries. But despite their similarities in regime and culture, the Arab oil producers differ as to what kind of price strategy they pursue. In particular, the producers with large oil reserves have a long-term interest in the oil market and are thus more inclined to pursue a low- or moderate-oil-price strategy, compared to small producers with limited reserves who would like to see a high oil price in the short term regardless of the long-term consequences. There does not seem to be any link between regime type and production strategy. Norway, the world's third-largest oil exporter and an electoral democracy, has on several occasions cooperated with the OPEC countries in stabilizing the world oil price. Among the 26 countries with more than a one-percent share of world oil production, we find twelve democracies (three with restricted democratic practice), five traditional monarchies and six authoritarian regimes.²⁴ We can safely conclude that oil producers come in all kinds of political shapes. And there is little evidence for suggesting that oil-producing countries with certain political regimes or belonging

to certain "civilizations" are more likely to restrict the supply of oil than others.

The conclusion is that political factors seem to have little influence on the oil producers' *willingness* to sell oil. However, there is one political factor that evidently is very important in determining the oil producers' *ability* to sell oil: warfare.

WAR: THE ULTIMATE POLITICAL TOOL

As already noted, oil is a highly strategic resource in times of war. Indeed, victory in war depends on a sufficient and reliable supply of oil. But the question here is not whether oil can influence the outcome of war, but rather whether war itself can influence the oil market. Steve Yetiv has collected data on fifteen global oil-supply disruptions since

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1951.²⁵ Ten of these are related to intra- or interstate wars. This shows the intimate relationship between political conflicts and oil supplies. Iran or Iraq has been involved in all armed conflicts between OPEC members since World War II. The same two countries have never been on the same side as any other OPEC member during the same period, except for the Kuwait-Iraq War of 1961, in which Iran supported Kuwait.²⁶

As Figure 1 shows, the effect of the Iranian Revolution on Iranian oil production was short-lived, but the effect of the Iran-Iraq War has been substantial and persistent for both countries. Iran has still, 25

years later, not regained its pre-war production levels. There are several reasons for this, not all related to the war. For instance, the policy of the United States towards Iran has discouraged the international oil companies from large-scale involvement in the Iranian oil sector. Iraq is in an even sorer state. Since the Iran-Iraq War, it has been involved in two additional conflicts. The Iraq-Kuwait war was short, but the sanctions imposed afterward have limited Iraqi oil exports. The 2003 war has further reduced Iraqi oil exports.

The war against Iraq has made the international oil market more unstable and thus increased the price, as the traders feared future supply disruptions in the region. In the longer term, however, the war could have the opposite effect, as the war and the subsequent regime change have removed Iraq's capacity (and perhaps also ambition) to wage war on its neighbors. This in itself could be an important factor for future oil-market stability. Evidently, a more peaceful Middle East would increase the security of oil supplies to the world and thus to the United States. If the Iraqi occupation is regarded as an appeasement operation, the oil interests would make sense, not because the United States gains any control over the Iraqi oil resources, but because it reduces the risks of future Iraqi warfare towards other oil producers.

THE NEW POLITICS OF OIL

Both the political and economic conditions for U.S. oil policy have changed dramatically over the last two or three decades. Current economic conditions dictate that the oil market cannot be governed in the same way as before,

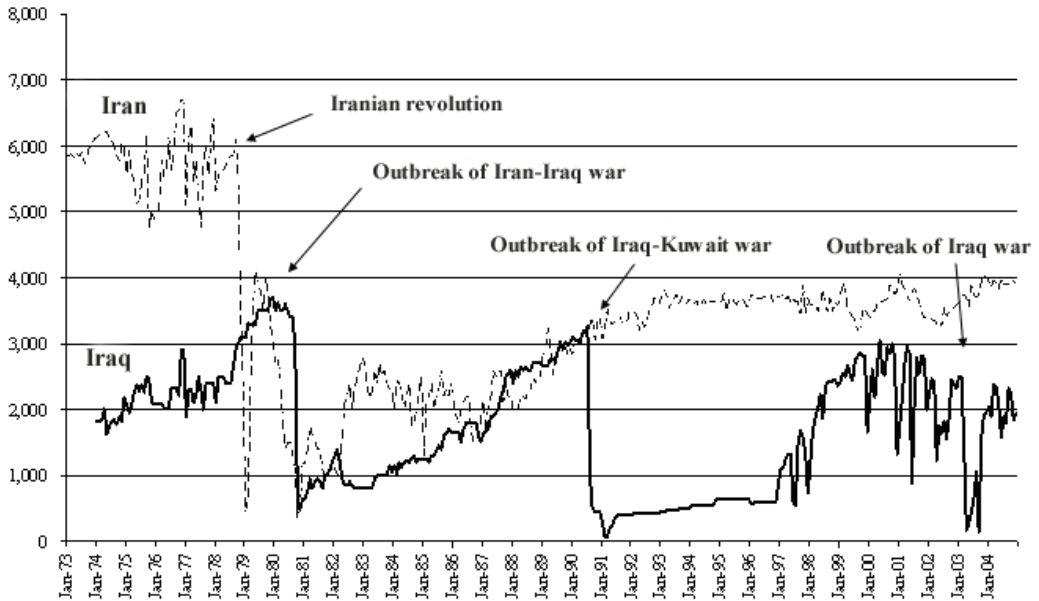
whether by oil producers or consumers. The direct use of political instruments does not bite as it did in the seventies. Also, the political conditions in the Middle East have changed. The Carter Doctrine, increasingly revitalized in public discussion, had much more to do with Soviet containment than with ensuring influence in the oil-rich Middle East. The Soviet invasion of Afghanistan was perceived as a potential first step towards Soviet influence in the Middle East, thus engendering the assertion, "An attempt by an outside force to gain control of the Persian Gulf will be regarded as an assault on the vital interests of the United States."²⁷

Oil and politics in the Middle East will continue to be intertwined. As the market share of the oil producers around the Persian Gulf is likely to increase in the long term, the political stability of this region will become increasingly important for the stability of world oil supply and prices. It is no surprise that the United States, as a major oil consumer, would want to control the supply of oil from the Middle East. The surprise lies in its lack of actual capacity to do so. We tend to think of the United States, at least since the end of the Cold War, as a hegemonic power, implying that it can control conditions in almost any area of the world. But the structure of the economic system is such that even a hegemon cannot rationally expect that deliberate political action can secure oil supply, influence price setting, or even control production. In the politics of international oil, the United States has been a "policy taker" since the beginning of the 1970s. It has struggled to compensate for lack of influence in the marketplace, using whatever power it found available: diplomatic skills, economic rewards and military force.

The use of these instruments has been a sign of weakness, not strength. In the case of the war with Iraq, certainty was that waging war against Saddam Hussein would likely cripple Iraq's capacity to wage war against any of its neighbors. This can hardly be considered a surefire method of

controlling the oil market. We should not confuse the fact that the behavior of the United States influences politics in the Middle East — it does — with the illusion that the United States deliberately designs the future of the international oil market or the Middle East — it doesn't.

Figure 1
Monthly oil production: Iran, Iraq 1973-2004



Source: Petroleum Economist

*This article is based on a paper presented at the International Studies Association 46th Annual Convention, at Honolulu, Hawaii, in March 2005. I would like to thank the panel chairs, Professor Marie Demker from Göteborg University and Professor Helge Hveem from the University of Oslo and in particular the discussant, Professor Thomas J. Biersteker from Brown University for his valuable comments.

¹ Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power* (London: Simon & Schuster, 1991), p. 394.

² U.S. Senate, *Multinational Oil Corporations and U.S. Foreign Policy Report to the Committee on Foreign Relations by the Subcommittee on Multinational Corporations* (1975).

³ Graham Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1973).

⁴ Morris A. Adelman, *The Economics of Petroleum Supply* (Cambridge, MA: MIT Press, 1993) p. 220.

Regarding the present situation Adelman claims that the “amount of oil available to the market over the next 25 to 50 years is for all intents and purposes infinite,” *The Economist*, April 30, 2005.

⁵ Morris A. Adelman, “Modelling World Oil Supply,” *The Energy Journal*, Vol. 14, No. 1, pp. 1-33.

⁶ Dermot Gately, “OPEC’s Incentives for Faster Output Growth,” *The Energy Journal*, Vol. 25, No. 2 2004, pp. 75-97.

⁷ Remarks at the National Small Business Week Conference, Washington Hilton Hotel, April 27, 2005.

⁸ *BP Statistical Review of Energy*, 1980 and 2005.

⁹ Peter R. Odell, 1994, "World Oil Resources, Reserves and Production," *Energy Journal* Vol. 15 (Special Issue on The Changing World Petroleum Market), pp.89–114.

¹⁰ "America in the year 2001 faces the most serious energy shortage since the oil embargoes of the 1970s", *National Energy Policy*, Report of the National Energy Policy Development Group, (U.S. Government Printing Office, May 2001). This report has caught a lot of attention after the outbreak of the Iraqi war. Critics have claimed that the report proves the oil motive behind the war. However, the Cheney report conforms to a pattern of the long row of U.S. National Energy Plans calling for more energy efficiency, increased support of national oil and natural gas production, encouragement of diversity of foreign supplies and new technologies. For instance, the Clinton administration published such a report in April 1998. See A. F. Alhajji "U.S. Energy Policy and the Invasion of Iraq: Does Oil Matter?" *The Journal of Energy and Development* Vol. 29, No. 2, 2004, p. 213.

¹¹ For a more detailed account of these changes, see Fereidun Fesharaki and Hossein Razavi. *Spot Oil, Netbacks and Petroleum Futures* (Report 1063, Economist Intelligence Unit, 1986), and Robert Mabro *Netback Pricing and the Oil Price Collapse of 1986* (Working paper WPM 10, Oxford Institute for Energy Studies, 1987).

¹² Frank A. Verrasto et al., "Securing U.S. Energy in a Changing World," *Middle East Policy*, Vol. XI, No. 4, Winter 2004, p. 2.

¹³ Robert Mabro, "The International Oil Price Regime: Origins, Rationale and Assessment," *The Journal of Energy Literature*, Vol. XI, No. 1, June 2005, pp. 11.

¹⁴ According to McKinsey's Achmed al-Shahrabani, *BBC News*, July 16, 2003, <http://news.bbc.co.uk/2/hi/business/3071159.stm>.

¹⁵ Youssef M. Ibrahim, *USA Today*, 2004-10-05.

¹⁶ For a breakdown see Phyllis Bennis et al. "A Failed 'Transition': The Mounting Costs of the Iraq War," *Report by the Institute for Policy Studies and Foreign Policy In Focus*, September 2004.

¹⁷ Nicolas Sarkis, "The Causes of the New Oil Crisis," *Le Monde Diplomatique*, translated by Mark Jensen, July 15, 2004.

¹⁸ Anthony Cordesman, "War with Iraq: A Cost-Benefit Analysis" *Middle East Policy* Vol. IX, No. 4, 2002, pp. 1-24.

¹⁹ Barry Buzan, *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*. (New York: Harvester-Wheatsheaf, 1991).

²⁰ These criteria are 1) a competitive, multiparty political system, 2) universal adult suffrage for all citizens (with exceptions for restrictions that states may legitimately place on citizens as sanctions for criminal offenses), 3) regularly contested elections conducted in conditions of ballot secrecy, reasonable ballot security, and in the absence of massive voter fraud that yields results that are unrepresentative of the public will, 4) significant public access of major political parties to the electorate through the media and through generally open political campaigning. See <http://www.freedomhouse.org/research/freeworld/2004/methodology.htm>.

²¹ Huntington, Samuel P., "A Clash of Civilizations?" *Foreign Affairs*, 72, Summer 2003, pp. 22-49.

²² *BP Statistical Review of World Energy*, June 2005.

²³ Freedom House, *Freedom in the World 2005*, www.freedomhouse.org/research/survey2005.htm.

²⁴ Freedom House, *Democracy's Century – A Survey of Global Political Change in the 20th Century*, December 1999.

²⁵ Yetiv, Steve A. *Crude Awakenings: Global Oil Security and American Foreign Policy* (Ithaca NY: Cornell University Press, 2004)

²⁶ The data-set on Militarized by the Interstate Disputes, International Consortium of Political Science Research (ICPSR data-file 9044).

²⁷ Jimmy Carter: *State of the Union Address*, January 23, 1980, <http://www.jimmycarterlibrary.org/documents/speeches/su80jec.phtml>