

Energy Security (DIP 735)

Fall, 2009

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Meeting Time: Tuesday, 4:00-6:30

Offices Hours: Wednesday, 1:00-3:00

This course uses the tools of economic analysis and economic statecraft to examine energy security. It will look at the connection between energy and the economy in both the US and other states, and the connections between energy and military security and power. It will include a detailed review of the US energy economy, the international energy market, the economies of the major Middle Eastern states, and the Russian economy. At the end of the course each student will understand the history of energy security, be aware of the data sources for current policy analysis, be able to use the relevant tools of economic analysis including econometrics, and be familiar with the energy security policy debate both in the United States and in key foreign countries.

Prerequisite: DIP 740 or ECON 672 or at least two semesters of undergraduate economic theory with grades of B or better. DIP 720 (Economic Statecraft) and DIP 750 (Defense Statecraft) recommended.

Format: The class will be taught primarily through lectures and class discussions, although it will also include some instruction in the use of formal economic and statistical tools. Students should be fully prepared to participate in every class, which includes having done the readings ahead of time.

Each student will be expected to read the *Financial Times (FT)* every day and be prepared to discuss the statecraft implications from relevant current articles. I suggest that you order an online subscription to the *FT*. It only costs \$22 for the semester and delivers the paper to you everyday with archives and search features. (www.ftprofessor.com (click on students)).

Any student with a disability who is taking this course and needs classroom or exam accommodations should contact the Disability Resource Center, 257-2754, room 2 Alumni Gym, jkarnes@uky.edu.

Grading: Grading will be based on class participation and homework (20%), two midterm exams (30% each), and a final exam that is optional for graduating students (20%). (If the final exam is not taken, the weights will be 20-40-40).

Readings:

The main texts will be:

Jan Kalicki and David Goldwyn, eds. *Energy Security*, Baltimore: Johns Hopkins Press, 2005

Daniel Yergin, *The Prize*, New York: Simon and Schuster, 1991

Marcus Noland and Howard Pack, *The Arab Economies in a Changing World*, Washington DC: Peterson Institute for International Economics, 2007

Michale Klare, *Rising Powers, Shrinking Planet*, New York, Henry Holt, 2008

The Economist magazine and the *Financial Times* are available in the Van Room. They are also available on line and through the Young Library. You should also have access to an international economics textbook such as Krugman and Obstfeld's, *International Economics, Theory and Policy* (7th edition), and a statistics/econometrics text such as Gary Koop's *Analysis of Economic Data*.

Lecture Outline:

Class 1 (9/1)

Overview of Energy Economics and Energy Security

Readings: Kalicki and Goldwyn: Forwards, pp xiii-xxiii and Introduction, pp 1-14

Michael Klare, Ch. 1, Altered States, in *Rising Powers, Shrinking Planet* (Henry Holt)

Publishers, 2008) BOX
Eugene Golz and Daryl Press, *Energy Alarmism: The Myths That Make Americans Worry About Oil*,
April 5, 2007, available at www.cato.org, search under Gholz (get the whole 24 page paper)
Homework 1 assigned: Basic Energy Facts and Economics

Class 2 (9/8)

History of Global Energy 1 – The Prize

Homework 1 due:

Readings:

Yergin: Prologue and Chapters 1, pp xiii-18
Chapter 7 (Persia), pp 118-133
Chapter 9, (WWI), pp 151-168
Chapter 15 (Arabia), pp 263-285
Chapters 19 (WWII), pp 350-390

Class 3 (9/15)

History of Global Energy 2 – The Prize continued

Readings:

Yergin: Chapter 27-29, pp 523-594
Chapter 31, pp 615-634
Chapter 33, pp 658-680
Chapter 37, 750-762

Class 4 (9/22)

Energy Security 1 – The modern debate

Readings:

Daniel Yergin, “Ensuring Energy Security”, *Foreign Affairs*, Mar/Apr 2006
Kalicki and Goldwyn: Chapters 1-3, pp 17-96
White House: National Security Strategy document
William R. Clark: US Geostrategy and the Persian Gule: 1945-2005,
Pp 43-74 from *Petrodollar Warfare* (Box)
Steve Yetiv, The Chief Guarantor of Oil Stability, pp 59-76 in *Crude Awakenings* (Box)

Class 5 (9/29)

Middle East Economics 1

Readings:

Noland and Pack: Chapters 1-2, pp 1-58
Chapters 5-6, pp 137-183

Class 6 (10/6)

Middle East Economics 2

Readings:

Noland and Pack: Chapters 10-11, pp 273-314
Kalicki and Goldwyn: Chapters 8 & 9, pp 195-219
Stephen Yetiv, Threats to Saudi Stability, pp 20-40 in *Crude Awakenings* (Box)

Class 7 (10/13)

Midterm Exam

Class 8 (10/20)

Russia, The Caspian Region and Pipeline Politics

Readings:

Kalicki and Goldwyn: Chapter 5,6,7, pp 123-194
Michael Klare, Ch 4 (Russia), in *Rising Powers, Shrinking Planet*, pp 88-114

Class 9 (10/27)

Other OPEC producers—Venezuela, Indonesia, Nigeria

Readings:

Kalicki and Goldwyn: Chapter 10, pp 241-259, and Chapter 16, pp 377-398

Michael Klare, Ch. 6 (Africa) in *Rising Powers, Shrinking Planet*. Pp 146-177

Class 10 (11/3)

The impact of rapid Asian economic development

Readings:

Kalicki and Goldwyn: Chapters 11,12,13 pp 267-332

Michael Klare, Ch 3 (Chindia) in *Rising Powers, Shrinking Planet*, pp 63-87

Class 11 (11/10)

Resource Wars

Readings:

Michael Ross, “Blood Barrels”, *Foreign Affairs*, May/June 2008

Michael Klare, Chs 2-3 in *Resource Wars*, pp 27-80 (Box)

Michael Klare, Ch 7 in *Rising Powers, Shrinking Planet*, pp 177-209

David Victor, “What Resource Wars?”, *The National Interest*, Nov/Dec 2007

Michael o’Hanlon, “Beyond Petroleum, A Review of Thicker than Oil” by Rachel Bronson, *The National Interest*, Jan/Feb 2007

Class 12 (11/17)

Energy Security 2 – The debate continued

Readings:

Kalicki and Goldwyn: Chapter 17, pp 407-424

Conclusion, pp 561-578

National Security Consequences of U.S. Oil Dependency

Council on Foreign Relations (Deutsch, Schlesinger, Victor), 2006

<http://www.cfr.org/content/publications/attachments/EnergyTFR.pdf>

Yergin, Epilogue, pp 763-774

Take-home Midterm Exam Handed out

Class 13 (11/24)

Written Midterm Exam due and oral defense.

Class 14 (12/1)

Other Fuels and Technological Futures

Readings:

Kalicki and Goldwyn: Chapter 18, pp 425-460

Kenneth Deffeyes, Chs 9-10 in *Hubbert’s Peak*, pp 159-185 (Box)

Class 15 (12/8)

Global Warming

Readings:

Kalicki and Goldwyn: Ch 20, pp 485-508

William Nordhaus, *A Question of Balance*, Chapters 1-2, pp 1-36 (Box)

Stern Report (Box)

Counter Stern Report (Box)

Final Exam (12/15)

Optional for graduating students.