Oil, Decolonisation, and the Future of the Climate Emergency

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Goals of the Lecture

This lecture explores the place of oil in the decolonisation struggles of the twentieth century, specifically the attempt by countries in the so-called 'Third World' to gain sovereignty and control over their national resources. Discussions of decolonisation have often overlooked the crucial role of oil and the broader shift to a fossil fuel-based global order. We will look at how decolonisation intersected with the rise of oil as the dominant fossil fuel, post-war anticolonial movements, the recent rise of National Oil Companies in the Global South, and the implications of this for tackling the climate crisis.

Key Themes

We begin with three key underlying themes that will run through the lecture:

1. **Energy Transitions need to be seen as additive processes:** There is a widespread but mistaken view that an 'energy transition' (like the coal-to-oil transition of the 20th century) means the replacement of one energy source by another. This is false. Generally, energy transitions are additive processes, in which a new energy source is added onto pre-existing kinds of energy. As a result, we tend to see an ever-growing volume of energy being consumed (we'll look at this in detail a bit later).

2. **We should think about oil as more than just a liquid transport fuel:** Crude oil is not a useful substance until it is transformed into something else. We need to think about oil's role broadly – not just as a liquid transport fuel. In this lecture, we will emphasise this multi-facted nature of oil, including its role in material production (petrochemicals and plastics), war-making and military conquest, the making of financial systems, as well as its connection to geopolitical power.

3. **The circulation and control of oil is key:** An important part of considering oil in this way is to understand how oil circulates from the upstream (extraction) through the downstream (refining, shipping, marketing) sectors. At the heart of this are two significant questions: what firms control the circulation and distribution of oil, and how are they structured?

The Coal-to-Oil Transition

The early 1900s witnessed the beginnings of a shift from coal to oil, first in the United States and later worldwide. This was connected to a change in what oil products were dominant: kerosene, followed by gasoline and fuel oil after the 1910s. World War I was pivotal to this process, with oil becoming a critical military asset; the Allied victory was described as having "floated to victory on a wave of oil," (Lord Curzon) but crucially, this oil was predominantly American in origin. New wartime technologies – tanks, submarines, vehicles, explosives – relied heavily on oil, reshaping military and agricultural industries alike.

Standard Oil

The first of the major globally dominant oil companies was the US firm, Standard Oil, controlled by John D. Rockefeller. In the US, Standard's dominance was almost complete through the latter part of the 19th century up until its dissolution in 1911. The reason for this power was the firm's vertical integration. We examine why this was the case, and what it meant to the subsequent structure of the big oil firms.

Colonialism, Oil, and British Strategy

Oil's rise as the world's principal fossil fuel made it inseparable from the control of oil-rich territories located in the colonised world. Britain's own shift from coal to oil under Churchill in 1911 was a clear indication of this, notably in the Anglo-Persian Oil Company (APOC) that controlled Iran's oil supplies in the Middle East. British policymakers were clear: Britain must control oil supplies at their source. Oil was firmly tied to Britain's imperial and financial strategies, including its Sterling currency zone and links to the City of London. The Sykes-Picot Agreement (1916) and the dismantling of the Ottoman Empire entrenched British dominance across Iraq, Iran, Palestine, Egypt, and the Gulf, while France controlled Lebanon and Syria.

State Subsidies and U.S. Expansion

Meanwhile, the U.S. government actively supported its oil companies through generous tax breaks like the 27.5% depletion allowance and investments in pipeline infrastructure, synthetic rubber factories, and overseas expansion into Venezuela and Mexico. Again, this was deeply tied to colonial dominance and the support of autocratic regimes, especially in Latin America.

World War II and the Anti-Colonial Moment

After World War II, the U.S. emerged as the dominant global power. The Middle East was a crucial part to the wider coal-to-oil transition, especially in Western Europe. But British and French colonial influence in the Middle East persisted. Anti-colonial movements intensified across Egypt, Algeria, and the Arabian Peninsula, culminating in what have been called the 'Oil Revolutions.'

A major episode was the Iranian nationalisation of oil under Prime Minister Mohammed Mossadegh in 1951. Despite renegotiated terms that still heavily favored Britain, Mossadegh sought to reclaim Iranian oil for national interests. This led to a U.S.- and UK-backed coup in 1953, reinstating the Shah and reaffirming Western control of Iran's oil industry.

The Transformation of the Global Oil Industry

The 1960 founding of the Organization of the Petroleum Exporting Countries (OPEC) marked a turning point in global oil. The initial founders of OPEC (Saudi Arabia, Iraq, Venezuela, Iran, Kuwait) saw themselves in continuity with 1955 Bandung Conference and the wider anti-colonial moment. Nonetheless, OPEC, despite its anti-colonial rhetoric, soon became dominated by conservative monarchies like Saudi Arabia and Iran – both closely aligned with the West. We explore this contradictory character: both for and against the anti-colonial upsurge of the post-war period.

The Oil Shocks of the 1970s

The establishment of OPEC shifted the nature of the control of oil, including pricing. This was closely connected to the 1970s oil shocks (1973 and 1979). But these price spikes are often misunderstood. We examine some of the pervasive myths about the 1970s, and emphasise why it is so important to think about how oil circulates globally to really understand what happened at this moment.

Petrodollars and Financial Circuits

Following the oil shocks, OPEC countries accumulated trillions in surplus capital. This money was a critical part of the making of the contemporary financial system. We look at why and how this was the case, discussing the 'recycling' of so-called petrodollars into U.S. Treasury bonds, European commercial banks, the burgeoning Eurodollar market, and military imports.

China's Rise and Shifting Oil Geographies

The final parts of our lecture turn to the new geographies of the world market, specifically the rise of China and the growing dominance of state-owned National Oil Companies. Since 2000, China's oil imports have surged, equating to the emergence of a "new U.S." in global oil markets. China now accounts for around

20% of global oil imports, with about half sourced from the Middle East. This has produced what we can describe as an "East-East" hydrocarbon axis extending between the Middle East and East Asia.

National Oil Companies (NOCs)

Alongside the rise of China, National Oil Companies (NOCs) from the Middle East and East Asia have become increasingly influential. Companies like Saudi Aramco have positioned the Gulf states as central players, reshaping the landscape of oil refining and control. We look at how Aramco is structured, and its outsize role in both crude production, refining, and petrochemicals.

Renewables and the Green Transition

What does all this mean for the prospect of tackling the climate crisis? We conclude with a look at the global growth of solar and wind energy, and their connection to the NOCs (especially in the Gulf).

References and Further Reading

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