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978-1-107-02967-5 - Petro-Aggression: When Oil Causes War

Jeff D. Colgan

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# 1 *Introduction*

Oil is the single most valuable commodity traded on international markets. The total value of its trade is many multiples larger than the trade of any other natural resource, including natural gas, diamonds, timber, or coffee. Not surprisingly, its political effects are pervasive. Oil helps define the relationship between the Persian Gulf countries and the rest of the world. It underlies the “resource curse” in oil-producing states, the symptoms of which include poor economic growth, authoritarianism, and civil war. It is a source of both tension and cooperation between China, India, and the West. It affects the flows of foreign aid. And it shapes military alliances and troop commitments all over the world. As oil supplies become more difficult to access in the future, the relationship between oil and international security is increasingly important.

This book makes the case that global oil consumption is a significant cause of international war. Under certain conditions, oil income enables aggressive leaders to eliminate political constraints, reduce domestic accountability, and take their countries to war. I call this “petro-aggression.” This concept is quite different from the conventional notion of petro-competition: i.e., the idea that states commonly go to war to own “the prize” of oil. Such wars do happen, but they are relatively rare. I argue that petro-competition is only one way in which oil and international security are linked, and it is probably not the most important link. Petro-aggression is a big part of what makes oil so dangerous for world politics.

At its broadest level, this book explores how states form their foreign policy preferences and intentions. For those who study the causes of war, the formation of preferences (especially aggressive preferences) is a fundamental topic. Over the last several decades, scholars have significantly advanced our understanding of how various domestic political factors affect the formation of state preferences. This book focuses on a state’s endowment of natural resources, specifically oil resources.

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I seek to understand what makes a state aggressive by extending our understanding of the resource curse into the realm of international relations.

## Two puzzles

Petrostates – states in which revenues from net oil exports constitute at least 10 percent of gross domestic product (GDP) – are among the most violent states in the world.<sup>1</sup> Such states show a remarkable propensity for militarized interstate disputes (MIDs): on average, they engage in MIDs at a rate more than 50 percent higher than non-petrostates.<sup>2</sup> This was not always true: until about 1970, petrostates were just about as likely to get into international conflicts as non-petrostates. Yet the modern age of oil, which began in earnest after the Arab oil embargo of 1973, created a world in which petrostates play an oversized role in global military affairs. Indeed, the relatively small group of petrostates has accounted for almost a quarter of all of the world's international conflicts since 1970.

This pattern of petrostate conflict generates two puzzles that lie at the heart of this book. First, what explains petrostates' propensity for aggression and international conflict? Second, what accounts for the variation in that propensity among the petrostates? While some petrostates have repeatedly instigated conflicts, others such as Saudi Arabia, Indonesia, or Nigeria, have had relatively peaceful international interactions over the past half-century (setting aside their domestic violence).

Existing research does not adequately answer these questions. Few scholars have looked deeply at the link between oil and international conflict, and most of those who have focus on petro-competition.<sup>3</sup> Petro-competition is consistent with the view that conflict is more likely

<sup>1</sup> This definition of a petrostate follows a standard one used by scholars of *rentierism*, e.g., T. Karl, 1997. There are alternative definitions of a petrostate: see Chapter 3 for more details.

<sup>2</sup> For petrostates, the rate is an average of 0.69 MID per year, compared to 0.44 per year for non-petrostates. The figures given here are based on the Correlates of War (COW) dataset (1945–2001) and the author's analysis. See Figure 1.1.

<sup>3</sup> N. Choucri and R. North, 1975; T. Homer-Dixon, 1999; M. Klare, 2002, 2004, 2008; R. Mandel, 1988; A. Westing, 1986. See also W. Engdahl, 2004; J. Ghazvinian, 2008; S. Pelletiere, 2004; S. Randall, 2007; C. Singer, 2008; D. Yergin, 2008 [1991]; A. Zalloum, 2007.

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when a contested territory contains economically valuable resources such as oil.<sup>4</sup> The Iraqi invasion of Kuwait in 1990 seems to provide a textbook example of a resource war, proving beyond all doubt that oil acts as a prize of war. In reality, Saddam Hussein likely had multiple motivations for invading Kuwait, but still it is plausible that the opportunity to seize control of Kuwait's oil fields was an incentive for the invasion. Thus many people see petro-competition as the key to understanding the role of energy in international struggles.

Yet the idea of petro-competition cannot account for the actual historical pattern of conflicts. As I will show, the link between oil and conflict is driven largely by petrostates that are aggressive in international conflicts. Examples of such actions are not hard to find: Iraq's invasion of Iran and Kuwait; Libya's repeated incursions into Chad in the 1970s and 1980s; Iran's long-standing pattern of hostility and conflict; Venezuela's mobilization for war against Colombia in 2008. This is puzzling. If states are simply fighting over access to the oil, it is not clear why the states that are already oil-rich should be so aggressive. It suggests that petro-competition is incomplete as an explanation for oil and international conflict.

Moreover, there is an unresolved debate in the literature about the extent to which oil actually leads to more frequent international conflict at all. Skeptics correctly point to the lack of a clearly articulated theory linking oil and war, backed by systematic historical evidence.<sup>5</sup> A single event like Iraq's invasion of Kuwait does not mean that there is a systematic link between oil and war. After all, many other petrostates produce oil without suffering international invasions, and many international conflicts occur for reasons that have nothing to do with oil. The absence of a clear theory linking oil to international conflict represents a major gap in the study of war. I aim to address that gap.

**The core argument: petro-aggression**

This book develops and tests a theory of petro-aggression. Petro-aggression is the idea that, under certain circumstances,

<sup>4</sup> P. Hansel in J. Vasquez, 2000; P. Huth, 1998; J. Maxwell and R. Reuveny, 2000.

<sup>5</sup> N. Gleditsch, 1998; E. Meierding, 2010; I. de Soysa *et al.*, 2011; D. Victor, 2007.

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oil-exporting states are systematically more likely to act aggressively and instigate international conflicts. Rather than being simply a magnet for greed and international competition, oil has multiple effects. Oil creates some incentives to increase a petrostate's aggressiveness and some incentives to decrease it. The net effect of oil for a petrostate's foreign policy depends on how the oil income interacts with the state's domestic politics. Oil income has its most negative consequences for international peace when it flows into a state that is led by a government with aggressive preferences. Such leadership often arises in the wake of a domestic political revolution.

Crucially, not all petrostates are affected by petro-aggression. A common misperception about oil politics is that it has a uniform, monolithic effect on politics. This book argues that this is simply not true, and that in fact the net political effect of oil varies dramatically depending on the nature of the petrostate. One should not look for a single, simple answer about how oil affects international affairs; instead, one should seek to understand the conditions under which oil makes conflict more or less likely.

Large-scale oil income generates multiple political incentives that affect a petrostate's foreign policy. One of the more important but subtle incentives is that oil facilitates risk-taking by petrostate leaders. Oil income is easily controlled by the central government, thereby giving the leader an independent source of financial resources that can be redistributed to buy political support. Consequently, a petrostate leader often faces very little domestic political accountability, and thus a low risk of being removed from office for risky and potentially unpopular actions. In non-petrostates, one of the reasons that leaders tend to avoid international conflicts is because they know that if they lose, they are very likely to be removed from office, either peacefully or violently. Yet a leader with huge financial resources to redistribute to purchase political support can afford to take risks, including those involved in aggressive foreign policy adventurism.

The net impact of oil's multiple effects on a state's foreign policy depends critically on its domestic politics, especially the preferences of its leader. Governments that have come to power by way of a domestic revolution are especially significant. Revolutionary governments are more likely to have aggressive preferences for two reasons. First, revolutionary politics tend to select leaders that are systematically more risk-tolerant and ambitious to revise the status quo

than non-revolutionary leaders. Second, revolutions tend to eliminate domestic political constraints that might otherwise restrain an aggressive leader from taking a state into conflict or war. Thus, in general, revolutionary states have a higher propensity for aggression than comparable non-revolutionary states, regardless of whether they have oil.

These two factors – oil income and revolutionary government – lie at the heart of this book's story. For states in which a revolutionary government has taken power, oil amplifies the state's propensity to instigate international conflicts. The combination of a risk-tolerant revolutionary leader, financial resources for military activities, and a high degree of political autonomy generated by oil income, creates a toxic mix that facilitates state aggression, which in turn leads to conflict. In non-revolutionary petrostates, the net effect is quite different. Oil still provides incentives for aggression, but these are balanced by the incentives to avoid international conflict, such as the opportunity cost of any potentially disrupted oil exports.

### **Multiple links between oil and global violence**

Interstate war is not the whole story when it comes to oil and violence. Broadly speaking, there are two additional connections. First, a substantial and growing body of academic research demonstrates that petrostates have a higher propensity for civil wars and domestic violence than non-petrostates.<sup>6</sup> Oil and other resources are believed to promote civil war in three possible ways: by providing finances for warring parties, especially rebels; by increasing the financial value of victory in a civil war, and thus the motivation to fight; and by encouraging corruption and weakening the institutions of the exporting state.<sup>7</sup> Second, oil is linked to terrorism and transnational violence by non-state actors, especially in association with radical Islam. Some petrostates have

<sup>6</sup> P. Collier and A. Hoeffler, 2004; J. Fearon and D. Laitin, 2003; H. Hegre and N. Sambanis, 2006; M. Humphreys, 2005; P. Lujala, 2010; M. Ross, 2012. But see also B. Smith, 2004; C. Thies, 2010.

<sup>7</sup> P. Le Billon, 2007. These are related to, but distinct from, the mechanisms that produce international conflict. In both civil and international conflict, oil appears to alter the costs of fighting, but not in the same way. As Chapter 2 argues, oil affects the costs of international fighting for the state as a whole (e.g., by disrupting oil sales) and for the leader as an individual (by lowering the leader's risks of domestic punishment for his foreign policy).

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used their oil wealth to fund the teaching of a radical version of Islam that has fueled global jihadism. Separately, Osama bin Laden and Al Qaeda have highlighted the oil industry in the Middle East as one of their chief grievances. The connection between oil, Islam, and violence perpetrated by non-state actors is not yet well understood.<sup>8</sup> It deserves to be the topic of intense scholarly research.

Still, this book focuses on the relationship between oil and interstate conflict. The causes of such conflicts have been a primary concern for scholars of international relations dating back to the days of Thucydides. In recent years, international wars seem to be less frequent than they were in the past.<sup>9</sup> While this is certainly excellent news, it does not mean that such conflicts have disappeared, nor that the downward trend will continue. Even if it does, petro-aggression can help us understand why some conflicts persist even in the face of a global shift away from interstate conflict.

Future shifts in the pattern of global oil production and consumption could raise the salience of oil in international security. Over the next few decades, a number of states will begin to produce oil for the first time or will experience an influx of oil revenues totally different than what they have experienced before. These new or changing petrostates are geographically diverse and include Brazil, Ghana, Uganda, and Kazakhstan to name just a few. As many as sixteen countries could become petroleum exporters in the near future.<sup>10</sup> While these states might be relatively small players in the global oil market, the role of oil in their domestic economies is likely to be huge. Understanding the conditions under which oil increases a state's propensity for international conflict is even more important in the face of these trends.

Petro-aggression and petro-competition are not the only potential links between oil and interstate conflict. The role of oil in internationalizing some civil wars, such as those in Angola and Libya, is a worthy topic for investigation. Likewise, the role of pipeline politics and transit routes in international security would benefit from systematic

<sup>8</sup> Though see T. Hegghammer, 2010.

<sup>9</sup> J. Goldstein, 2011; J. Mueller, 1989; S. Pinker, 2011.

<sup>10</sup> Ross (2012) reports that Cuba, Ghana, Guinea, Guinea-Bissau, Guyana, Israel, Liberia, Mali, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Togo, and Uganda could become new oil or gas exporters in the coming years. Indonesia and Tunisia, former exporters that had become net importers, may once again become petroleum exporters.

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research.<sup>11</sup> Elsewhere, I argue that there is a whole set of potential causal pathways linking oil to international conflict.<sup>12</sup>

In this book, I focus specifically on petro-aggression. Iraq, Iran, Venezuela, and Libya are far better characterized as instigators of aggression than as passive targets of resource conquest, and that behavior requires explanation. Moreover, even some of the most famous cases of ‘oil wars’ could benefit from thinking about petro-aggression. For example, it could be that the Iraqi invasion of Kuwait in 1990 was as much about Iraq’s oil as it was about Kuwait’s. While there is little doubt that capturing Kuwait’s oil fields represented a tempting prize of war for Iraq, it is also clear that that can be said of any major oil patch in the world in relation to any country with sufficient military power to fight for it. On its own, the existence of Kuwait’s oil fields do not explain Iraq’s invasion. As subsequent chapters will show, it is fruitful to refocus our attention on the oil in Iraq. Saddam Hussein’s access to oil income allowed him to buy-off and repress domestic political opposition, thereby eliminating mechanisms of accountability that might otherwise have deterred him from risky foreign policy maneuvers. Unlike leaders in most non-petrostates, Saddam was able to take his country into two costly wars, fail to achieve any significant gains, and nonetheless remain in office after those costly failures.

The first step toward reconsidering the role of oil is suggested by Figure 1.1. Figure 1.1 graphs the average annual rate of the onset of international military conflicts. The data for this graph are drawn from the Correlates of War project’s dataset of militarized interstate disputes (MIDs).<sup>13</sup> More will be said about MIDs in subsequent chapters, particularly Chapter 4. For now it suffices to say that the military conflicts are divided into two categories: those in which the state was the attacker, and those in which the state is the defender or the target of an attack.<sup>14</sup>

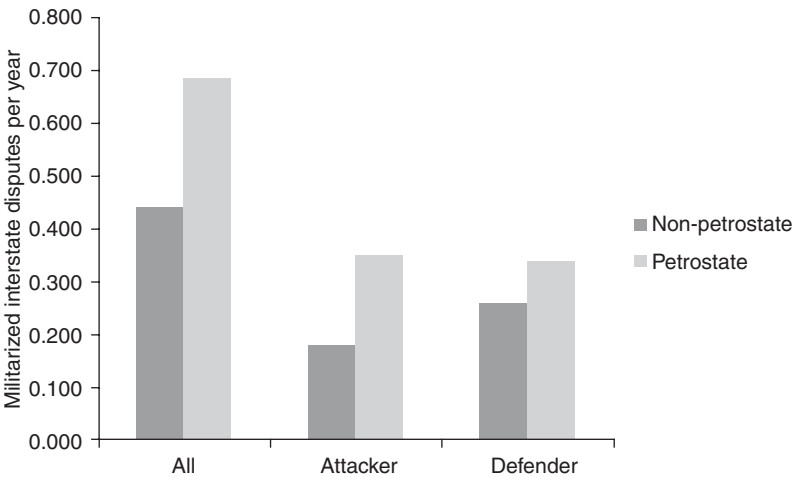
Figure 1.1 reveals an interesting pattern: petrostates are more likely to attack than to defend in military conflicts. This idea contrasts sharply with the conventional wisdom about petro-competition.

<sup>11</sup> Such research could build on B. Jentleson, 1986.

<sup>12</sup> J. Colgan, “The Pathways from Oil to War.” See also C. Glaser, 2011.

<sup>13</sup> Correlates of War database, based on F. Ghosn *et al.*, 2004.

<sup>14</sup> This is done using the COW coding of whether or not the state was acting as a “revisionist” party in the dispute – that is, the state that seeks to revise the status quo by force. For more details, see Chapter 4.



**Figure 1.1** Average rates of international conflict, petrostates vs. non-petrostates, 1945–2001  
Note: Count of MID onsets per state-year. All differences between petro and non-petrostates are statistically significant.

The data show that while petrostates are more likely to participate in military conflicts than non-petrostates overall – which is consistent with the idea of petro-competition – the primary reason for that result is that, on average, petrostates are highly likely to instigate such conflicts. Indeed, this simplified comparison shows that petrostates instigate conflicts at a rate that is almost twice as large as the rate of non-petrostates, on average. Petrostates are the targets of attack 30 percent more frequently than non-petrostates. Thus while petrostates are substantially more likely to be both the attacker and the defender in conflicts, it is their behavior as attackers that accounts for the largest portion of their high conflict rate.

The simple analysis reflected in Figure 1.1 does not isolate the causal impact of oil income on international conflict propensity. For a variety of reasons, the graphs could be masking real differences between the groups, or suggesting differences that disappear once other factors are properly accounted for. Nonetheless, the graphs are intriguing, and cry out for an explanation. The development of such an explanation is the task of the chapters to come.

The stakes are high. Some of the conflicts involving petrostates have cost thousands of lives and have been extraordinarily damaging to



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millions of others. For the United States and its allies, these wars are politically impossible to ignore, meaning that a substantial amount of public wealth – and human lives – is spent on military deployments that are directly or indirectly connected to the global oil industry. So long as industrialized economies remain dependent on oil, there is no reason to expect that the need for these operations will disappear.

**Oil and the broader causes of war**

The theory I develop in this book focuses on how and why petrostates develop aggressive preferences and capabilities. In political science, state preferences are taken as inputs to many of the rational choice models on the causes of war, and often no effort is made to try to explain the origin of those preferences.<sup>15</sup> Charles Glaser points out that a rational choice approach to the causes of war, focusing on the strategic interactions of unitary state actors, is only the “middle layer” of a comprehensive explanation.<sup>16</sup> This middle layer of theory should be preceded by a layer that explains the inputs to strategic choice theory, including state preferences. It could also be followed by an additional layer of theory that explains the sources of suboptimality that lead states to engage in war even when it might have been rationally avoidable.<sup>17</sup> My argument is about preference formation, and thus it logically precedes a theory of strategic interaction.

As such, my research joins a growing body of scholarly work that considers the multiple ways in which domestic political factors affect the formation of state preferences.<sup>18</sup> One example is Jack Snyder’s work on the “myths of empire” which can create domestic preferences for aggression and over-expansion.<sup>19</sup> The work by Daniel Byman, Hein Goemans, James Goldgeier, Stephen Rosen, Elizabeth Saunders, and others on the role of leaders in international security is a second

<sup>15</sup> J. Fearon, 1995; D. Filson and S. Werner, 2004; C. Glaser, 2010; R. Powell, 1999.

<sup>16</sup> C. Glaser, 2010: 15.

<sup>17</sup> R. Jervis, 1976.

<sup>18</sup> Any list of citations to this literature is bound to be incomplete, but some important books in this area include: T. Christensen, 1996; S. Van Evera, 1999; M. Fravel, 2008; W. Howell and J. Pevehouse, 2007; A. Johnston, 1998; C. Kupchan, 2010; J. Legro, 2005; P. Katzenstein, 1996; R. Schweller, 2006; P. Senese and J. Vasquez, 2008; A. Stam, 1999. See also the citations in the notes that follow this one.

<sup>19</sup> J. Snyder, 1991.

example.<sup>20</sup> A third is the research by Stephen Walt, Zeev Maoz, and others on the impact of domestic revolutions on international conflict, which is of special importance to my argument in this book.<sup>21</sup>

A sizeable portion, perhaps even a majority, of the research on domestic influences on international security over the last two decades focuses on the democratic peace and related questions. Many have focused on the ways in which established democracies are or are not different from autocracies in conflict behavior.<sup>22</sup> One branch of this work focuses on the development of selectorate theory pioneered by Bruce Bueno de Mesquita and others.<sup>23</sup> Somewhat separately, the effect of the process of democratization on international conflict has been investigated by Edward Mansfield, Jack Snyder, and others.<sup>24</sup>

Without denying the importance of the democratic peace, the extent to which scholars have focused on regime type at the expense of other factors affecting international conflict and peace is remarkable. Purely by way of illustration, Figure 1.2 compares the influence of democracy, revolution, and oil on states' propensity for international conflict. The figure plots the average number of MIDs initiated within a pair of states (known as directed-dyads). The rate of conflict is plotted depending on whether both, either, or neither of the states within the pair are democratic, revolutionary, or a petrostate.

As Figure 1.2 indicates, the differences between revolutionary and non-revolutionary states, or petrostates and non-petrostates, are at least as large as those between democracies and non-democracies. This is true even in percentage terms.<sup>25</sup> I hasten to add that this graph is not

<sup>20</sup> V. Bunce, 1981; D. Byman and K. Pollack, 2001; G. Chiozza and H. Goemans, 2011; H. Goemans, 2000; J. Goldgeier, 1994; M. Horowitz *et al.*, 2005; S. Murray, 2006; J. Post and A. George, 2004; S. Rosen, 2007; E. Saunders, 2011.

<sup>21</sup> J. Goldstone, 1997; T. Gurr, 1988; Z. Maoz, 1996; T. Skocpol, 1988; R. Snyder, 1999; S. Walt, 1996.

<sup>22</sup> B. Bueno de Mesquita *et al.*, 2004; A. Downes, 2009; M. Doyle, 1986; E. Gartzke, 2000, 2007; J. Gowa, 2000; P. Huth and T. Allee, 2003; C. Layne, 1994; C. Lipson, 2003; J. O'Neal and B. Russett, 2001; J. Owen, 1997; D. Reiter and A. Stam, 2002; S. Rosato, 2003; B. Russett, 1994; K. Schultz, 2001; J. Weeks, 2008.

<sup>23</sup> B. Bueno de Mesquita *et al.*, 2004.

<sup>24</sup> E. Mansfield and J. Snyder, 2005; V. Narang and S. Nelson, 2009.

<sup>25</sup> Directed-dyads with no democracies have 160 percent more MIDs than directed-dyads with two democracies. Directed-dyads with two revolutionary states have 232 percent more MIDs than directed-dyads with no revolutionary