

The oil curse

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Leif Wenar

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OIL: THE COMMON FACTOR

To see the dangers, we can begin by looking back across the major foreign threats and crises the West has faced over the past 40 years. Most show one common factor.

In 2014, Iraq became a war of oil against oil. The Iraqi government and the Kurds controlled large oil fields, and ISIS, fighting both, was selling up to \$2 million of crude a day. Oil financed ISIS in its atrocity-filled global propaganda campaign, in its gruesome assaults against the Yazidis, and its military takeover of oil fields in Syria.

At the same time, Syria's oil-funded strongman, Bashar Al-Assad, started ordering the barrel-bombing of cities, heightening a refugee crisis whose tragedies were captured for the world by the photo of a Syrian boy lying drowned on a Turkish beach. By 2015, that refugee crisis was straining the politics of Europe.

“...when we look back over the past 40 years, oil keeps bubbling under the headlines”

The Iraq-Syria conflict soon became part of the larger cold war between the two oil-funded regional antagonists. Shia Iran and Hezbollah fought hard-line Sunni militants, who got funds from oil states like Saudi Arabia and Qatar. In 2015, Vladimir Putin – his coffers still full from years of high oil prices, and hot on the heels of Russia's incursion into Ukraine in 2014 – began a more destructive campaign of urban bombing in Syria.

By 2016, television news worldwide was showing the apocalyptic devastation in Aleppo.

Oil was not the only cause of these conflicts and crises – the world is causally complex. But when we look back over the past 40 years, oil keeps bubbling under the headlines.

In 2011, for instance, the West intervened against Libya's Muammar Gaddafi who financed decades of terrorism – from the Munich Olympics massacre to the Lockerbie bombing – with oil money. Before Gaddafi, the genocide in the Darfur region of the oil state of Sudan filled television screens with scenes of desperation and death. The London attacks on 7/7 were planned by Osama bin Laden's al-Qaeda, as was 9/11, where 17 of the 19 were from major oil-producing countries.

In 1990, Saddam Hussein of Iraq launched his invasion of Kuwait and Saudi Arabia. In the 1980s, the Soviet Union used its burgeoning oil revenues to surge ahead in the nuclear arms race. And since the 1979 revolution, the Iranian regime has used oil money to fund militant groups throughout the Middle East while straining to build nuclear weapons.

All of these threats and crises have come from countries that export a lot of oil.

OUR COMPLICITY

When we talk about these threats and crises, we often slam our leaders' decisions. Many Americans, for instance, will excoriate George W Bush's decision to go to war in Iraq. Others will blast Barack Obama's Syria policy as not tough enough on Assad or Islamic State. Donald Trump's apparent desire to ally with Putin has drawn hot derision.

“The threats and crises above are not just disasters that we've watched – they're disasters that we've paid for”

All these critiques are correct. Western leaders have cost their countries dearly in terms of lives, money, and influence – and some of their decisions have simply been criminal.

Yet there is a deeper level to these stories as well, which involves each one of us. The threats and crises above are not just disasters that we've watched – they're disasters that we've paid for. After all, the bombs and tanks and propaganda in these stories cost a great deal of money. And ultimately that money has come from us – the world's consumers – paying for oil. In 2016, for instance, the average American household sent over \$100 to authoritarian regimes and armed groups, just by filling up at the gas station.

What we've paid at the pump might have gone to buy the poison gas that's been dropped on civilians, or the textbooks that teach children to wage jihad against the infidel, or the missiles that have been shot at our young pilots. Understanding our everyday funding of disasters and dangers overseas is essential for understanding the deepest flows of global power. And, as we'll see, our funding is also where we can now make changes to improve those rules – by changing the laws that put us into business with the men of blood abroad.

THE CURSE OF OIL

For decades our headlines have shouted about big oil exporters like Russia, Iran, Iraq and Saudi Arabia. And yet – why? Why does oil correlate with all this trouble?

The main reason might seem obvious. Outside of democratic countries, whoever can control oil-rich territory by force can make big money by selling that oil. Essentially, whoever can keep military control over a few holes in the ground will get rich.

If an authoritarian regime (like the one in Russia) can keep control over oil wells, it will get the money to buy the muscle and loyalty it needs to stay in power. If armed groups (like those in Libya or Syria) can keep control over oil wells, they can get the money they need to buy arms and pay soldiers. Money – and with oil, a lot of money – will go to whoever has the most guns.

More coercive actors can export oil even when the rest of the country is a wreck. Even if most of the population is uneducated, unemployed or hungry – indeed, even if the country is in the midst of a chaotic civil conflict – whoever can control the wells will still get rich. Autocrats and militants don't need a productive population to get the money, and the people can't even stop exports by going on strike. In these countries, when an autocratic regime or an armed group controls oil-rich territory, it's like they can dig out huge troves of buried cash.

Political scientists call the results 'the oil curse.' Oil states in the developing world are much more likely to be authoritarian. Since these authoritarians get all the money they need from the oil wells, many of these oil-rich countries are full of poor people: Angola's elite lives in luxury, for instance, while Angola's children die at the highest rate in the world. Civil war is another symptom of the oil curse: oil countries are twice as likely to be at war with themselves, as armed groups fight over the wells.

“Controlling oil wells is like finding huge troves of buried cash – cash that authoritarians and armed groups can use as they like”

Oppression, war, poverty – oil curses the world's main artery of oil, which runs from Siberia through the Middle East to West Africa, and is flush with countries that are either authoritarian, or failed, or both.

Some of these oil-cursed countries were exploited as colonies by the Western powers. More recently, some have suffered Western invasions and sanctions. But the map shows that the oil curse strikes countries that are otherwise quite different in their histories, religions and geographies – compare, for instance, Russia and Yemen and Angola. This curse calls for a deeper explanation.

THE CAUSE OF THE CURSE

The root of the oil curse is that today coercive control over oil yields entirely unaccountable power. Controlling oil wells is like finding huge troves of buried cash – cash that authoritarians and armed groups can use as they like. The money comes with no strings attached, it never has to be paid back, and it comes in regardless of the

condition or the wishes of the country's people – who have to watch while the country's natural assets are sold off beyond their control.

With oil money, an authoritarian regime can pay the security forces needed to crush rebellion or dissent (as in, for example, Algeria). The regime can make business deals and create useless jobs in the bureaucracy that keep citizens dependent on it for their livelihoods and status (as in Kuwait). The regime can play regions, tribes or religions against each other, to keep them from uniting against the state (Saddam was a master of this). It will have the cash to fund nationalist propaganda (as in Russia) or religious indoctrination (as in Saudi Arabia). If times get tough, it will have the money to distract the population by stirring up a military crisis with neighbours or with the West (as Gaddafi often did).

“Oil money empowers armed groups to start or continue a conflict, and there has been a trend over the last 30 years for oil-producing countries being the sites of ever-more of the world’s civil wars”

Oil endows authoritarians with unaccountable power, which gives them the means to maintain their rule even against popular resistance. In the uprisings of the past decade, from the Green Movement in Iran through the Arab Spring, the trend was that the authoritarians in oil states survived, while the authoritarians in non-oil states fell. (Syria, which is running out of oil, is an intermediate case.) Striking oil is every autocrat's dream.

Oil is also prized by militants for the unchecked power it brings. Oil money empowers armed groups to start or continue a conflict, and there has been a trend over the last 30 years for oil-producing countries being the sites of ever-more of the world's civil wars, from Sudan-Darfur to Iraq, Libya and Syria.

The results of oil's power are shocking. Think of the remarkable progress that most emerging economies have made over the past four decades – the great enrichment of China and India, for example, or the huge ‘third wave’ of democratization in the past generation. In contrast, the major oil states outside the West are, on average, no richer, no freer and no more peaceful today than they were even in 1980. Because oil today yields unaccountable power, it curses many countries that it should bless.

“...oil curses not only the countries where it's found – it also curses the West”

And oil curses not only the countries where it's found – it also curses the West. This is where we started, with the threats and crises coming from oil-exporting states. And indeed, that story is deeper too, going beyond the obvious threats coming from the West's adversaries like the Iranian regime. For even greater threats have come from the West's allies like Saudi Arabia.

Of the 19 hijackers on 9/11, 15 were Saudis. The 9/11 Commission Report found that Saudi society was ‘a place where al Qaeda raised money directly from individuals and through charities’, and that it was likely that ‘charities with significant Saudi government sponsorship diverted funds to al Qaeda’. We know from WikiLeaks that the Saudi regime has provided ‘clandestine financial and logistic support to [the Islamic State] and other radical Sunni groups’. While the Saudis have made some progress in cutting back such support since 2001, US Secretary of State John Kerry said in 2015 that ‘massive private funding’ still goes from Saudi Arabia to extremists. Donald Trump, when he was a private citizen, put it crudely but correctly: Saudi Arabia ‘funnels our petrodollars, our very own money, to fund the terrorists’.

Worse, over decades the Saudi regime has spent tens of billions of petrodollars spreading its archaic form of Islam, funding schools, mosques and radical preachers that have transformed once-tolerant Muslim communities into wellsprings of extremism, from Islamabad to Brussels. This is likely the largest ideological campaign in human history, and it is the Saudis’ ancient, intolerant doctrine that has mutated into jihadi violence in Paris and Nice, and in Manchester and London too.

“...today, whoever can control oil-rich territory can get rich by selling the petroleum to foreigners”

One gets a sense for the doctrines taught in the Saudi curriculum by noting that ISIS has used Saudi textbooks in its own schools. Yet Saudi textbooks have also been exported to schools around the world, including the UK and the US. A 12th grade Saudi textbook teaches that Christians and Jews are ‘the worst of creatures’ who ‘will dwell in hellfire’. Another 12th grade text forbids befriending ‘infidels’ since they are they enemies of Muslims. A Saudi-funded school in Vienna was recently caught teaching that birth control is a conspiracy to spread Christianity, and Saudi textbooks still say that ‘sorcerers’ must be killed. Of course many personal and socio-economic factors contribute to radicalization. Yet what outcomes should we expect when children are taught this way?

As Fareed Zakaria wrote recently, ‘Almost every terrorist attack in the West has had some connection to Saudi Arabia’. The unaccountable power of oil has turned into violent ideology on our own streets.

‘MIGHT MAKES RIGHT’

The deepest cause of the oil curse – and our own contribution to it – is the fact that today, whoever can control oil-rich territory can get rich by selling the petroleum to foreigners. This seems like a natural feature of the global economy, which we take for granted.

And yet, as we noticed, the ‘foreigners’ who buy the oil are us – the consumers of the world, who pay for foreign oil when we pay at the pump, or when we buy anything that is

made from or transported with that oil. We are the ultimate source of the unaccountable power of the violent and oppressive men in oil-cursed states.

And why? Why are we unwillingly in business with these men?

The answer is a very old law, a relic of the era of the Atlantic slave trade. This is the British law that makes it legal to buy oil from whoever in foreign countries can control it by force. This is in fact the law of every country, which says that for the natural resources of other countries, **'might makes right.'**

For example, when Saddam Hussein's junta took over Iraq in a coup, British law made it legal to buy Iraq's oil from them. And then, years later, when ISIS took over some of those same wells, all countries' law made it legal to buy Iraq's oil from ISIS. Every country's default for the oil of other countries is, **'whoever can control it by force can sell it to us.'**

'Might makes right' has been the world's law for natural resources since the 17th century. Yet the law makes little sense today.

Say an armed gang seizes a gas station in London. Should American law give Americans the legal right to buy the gas from that gang? No – that kind of law would cause chaos, and would incentivize a lot more violence. But when Gaddafi took over Libya in a coup in 1969, American law did make it legal for Americans to buy Libya's oil from Gaddafi. And then during the Arab Spring of 2011, when rebels captured some of those same wells, American law made it legal to buy Libya's oil from the rebels.

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The world pays huge sums for oil, which is why we see such an extreme oil curse – but all countries' laws say 'might makes right' for other foreign resources too. Your phone, for instance, may be made with metal that was mined at gunpoint by one of the vicious militias fighting the Congo's civil war. These resource-funded militias have used sexual violence so extensively that the Congo has been called 'the worst country in the world to be a woman'.

Yet even if your phone is made with metal pillaged in the Congo, under the law of your country you own every atom of your phone, and your rights to it will be enforced by your country's police and courts. Under your country's law, **plunder abroad becomes property at home. The militants' violence turns into your legal rights – and some of your money goes back to the militants, to help them buy more guns and knives.**

The alchemy of our countries' laws turns the iron of violence into the gold of property rights, and puts consumers everywhere into business with some of the world's most

ruthless men. The resources they seize flow through the world's supply chains to us, and billions of our pounds and dollars and euros flow back up the supply chains to them. Our laws make foreign violence pay, and, without change, our laws will continue to incite violence indefinitely.

OVERCOMING 'MIGHT MAKES RIGHT'

Is there any hope that we can lift the oil curse? Could we possibly upgrade world trade so that it stops generating so much suffering and injustice – and so that it stops sending us these impossible threats and crises?

Yes, there is hope. In fact, we know for certain that 'might makes right' can be abolished, because humanity has abolished this bad old law many times before. And in the big picture of history, its abolition has marked most of humanity's greatest moral advances in the past three centuries.

'Might makes right' was the main rule for the pre-modern international system that started in the 17th century. In that violent time, it was the world's rule not only for natural resources, but for almost everything – even for humans.

Three centuries ago, every country's law was 'whoever can seize Africans by force can sell them to us'. Under that rule 12 million Africans were forced through the Middle Passage to the Americas, where the survivors were bought as legal property. Back then, might made right for human beings.

“Today, every major importing country has passed a law banning the importation of blood diamonds. That victory can now be extended to blood oil”

Even 100 years ago, 'might makes right' was the rule that made colonialism legal. Any state that could forcibly seize control over foreign territory got the internationally-recognized legal right to rule its people as their sovereign. Might made right.

Even 30 years ago, 'might makes right' was the rule that made apartheid legal. Any regime that could dominate a population gained the internationally-recognized right to maintain a racist white regime. And there's more. Ethnic cleansing, and even genocide, used to be legal. In the old international system, law was little more than the legitimization of coercive success.

The hopeful development is that today, in our time, all of those instances of 'might makes right' have been abolished. The slave trade, colonial rule, apartheid, ethnic cleansing and genocide: all of these now violate the law of nations.

And the world has already abolished this law for a single natural resource: diamonds. Those who saw the Leonardo DiCaprio movie *Blood Diamond* saw a fictional depiction of a real situation two decades ago, when money spent by Western consumers on

engagement rings and earrings went to fund sadistic militias in Sierra Leone who waged wars of amputation and mass murder while pillaging those gems. Today, every major importing country has passed a law banning the importation of blood diamonds. That victory can now be extended to blood oil.

As you may be thinking, just because the world has abolished ‘might makes right’ in all these areas doesn’t mean that coercion and evil have disappeared. Slaves are still secretly trafficked from poor countries to rich ones, genocides still happen, and sometimes blood diamonds show up in our stores. Still, one great progress that humanity has made over the past three centuries has been in turning what used to be taken for granted practices of violence into what most now believe to be terrible crimes.

THE BETTER RULE FOR BUYING OIL

And the very good news is that most of the world has already agreed on a principle for global trade to replace the bad old rule of ‘might makes right.’ This is the principle that a country belongs to its people – to all of its citizens – and the country’s natural resources start out as their property. This is the principle of ‘popular resource sovereignty’.

“This modern principle that a country belongs to its people is already widely affirmed worldwide”

By the principle of popular resource sovereignty, anyone who sells off a country’s oil must be accountable to the owners of that oil – to the citizens. If a government wants to pass oil into private hands, or to sell the country’s oil to foreigners, then the government must be accountable to the people when it does.

If a government decides to privatise oil or sell it to foreigners, without any possible accountability to citizens, then the government is literally stealing the oil from the people. This is just like someone selling your property without your consent: it’s a crime.

This modern principle that a country belongs to its people is already widely affirmed worldwide. Leaders as diverse as the presidents of the United States, Brazil, Mexico and Ghana, the British prime minister, the Norwegian parliament and even the Ayatollah Khamenei have publicly proclaimed that ‘the oil belongs to the people’.

This is a natural thing for politicians to say, because it reflects widespread global opinion. Large majorities of individuals in every part of the world (including the Middle East) say that they believe that citizens should be sovereign over their own countries – that a country belongs to its people. The shared heroes of the world are men like Gandhi and Mandela, who led the 20th century’s great struggles for people’s rights.

And fortunately, the principle is already expressed in major treaties. Both of the main international human rights treaties declare in their first article that, ‘All peoples may, for their own ends, freely dispose of their natural wealth and resources’. Nearly every country in the world is already party to one of these treaties – in fact, 98 per cent of the

world's population lives in a country that has already officially signed on to those words. A great number of national constitutions and laws assert the people's resource rights too. In our time, in the 21st century, the battle over the principle that a country belongs to its people has already been won.

ACTING ON PRINCIPLE

Peacefully, responsibly and gradually, Western countries can now affirm the rights of all peoples to their resources and abolish 'might makes right.' The power of this reform is the power of democratic integrity – of free peoples changing their own laws, to align with their own principles, on behalf of the freedom of peoples everywhere.

The centrepiece of these reforms will be laws that taper off imports of oil from authoritarian and failed states. Our countries in the West can change our laws, on our own soil, for our own people, to say that from now on we will only buy oil from those countries which could be accountable to their people when they sell that oil. We will say that who rules in, say, Saudi Arabia is 'none of our business' – but that we believe that the unaccountable Saudi regime qualifies for none of our business in oil.

“Preventing the dangers of climate change is just as urgent as preventing the further empowerment of authoritarians”

There are dozens of practical questions about how this reform could work – questions around the Chinese reaction, the WTO, political transitions in the Middle East, and much else. Having answered those questions elsewhere, I won't take them up here, beyond saying that the West can make these reforms at reasonable cost, without endangering its energy supplies – and that these reforms should be part of an 'autocrats to alternatives' plan that also transitions away from fossil fuels. Preventing the dangers of climate change is just as urgent as preventing the further empowerment of authoritarians, armed groups and extremists. Responsible policies are available that will make progress against both dangers at once.

THE WEST'S GREATEST STRENGTH

Let me instead leave you with the reflections of a realist, who has studied the serious consequences of the oil curse for years. The main reflection, which may seem obvious to you, is that the West's strategies toward oil-producing countries have not worked. For 40 years, the West has tried alliances (the Shah of Iran, Saddam, Gaddafi, the Saudis), military action (Gulf Wars I and II, Libya, drones) and sanctions (Iran, Iraq, Sudan, Syria, Russia). The result, as the director of the CIA said in 2016, is that the Middle East is the worst it's been in 50 years, and faces unprecedented bloodshed. The West cannot control the unaccountable power of oil from outside these countries – indeed, no one can.

The power of oil can only be held accountable from within the country, by the people who live there on the ground. The West's greatest strength is not its military, but the principle of public accountability that its governments are founded on, and that is also within the convictions of the peoples of oil-rich states. The West's best strategy toward oil-cursed states is peaceful support for the rights of those peoples.

“Principled action is the best way for Western countries to counter the conspiracy theories and charges of hypocrisy that today ricochet all over the world”

Allow yourself to picture the day that the United Kingdom declares that it will no longer be buying authoritarian oil. By making this announcement, Britain will be declaring that it is standing with the people of oil-rich countries, instead of continuing to enrich actors who are not accountable to the citizens. Such an announcement would greatly encourage the democratic reformers in oil-cursed states to press their regimes to take constitutional reforms off the shelf.

Picture an American president declaring to the world that America will be honouring the American principle that a country belongs to its people – and honouring this principle not only in words, but in law, to show a proper respect for the peoples of all nations. That will be the day on which Americans begin to lift the world's oil curse.

Principled action is the best way for Western countries to counter the conspiracy theories and charges of hypocrisy that today ricochet all over the world. Principled action is the best way for Western countries to counter the Islamist victimization narrative that today attracts thousands of young Muslims toward extremism. Every Western killing of a Muslim abroad can be spun to strengthen this victim narrative. Western countries must establish a counter-narrative that is more compelling. By showing its willingness to act on its own principles, the West can drain the swamps of suspicion that mire it in its oil curse. Acting on principle is the best way to rebuild broken trust.

“What's keeping these people down right now is mostly the money that we keep sending to those who are oppressing and attacking them”

This strategy also works with the greatest shift in power in modern history. Europe's colonies, including the American ones, didn't gain their freedom just because they had moral principles on their side. The people of the colonies fought to be free, and they won because they had become stronger – better organised, better armed, more confident. As we've seen in the uprisings of the past decade, the citizens of oil-cursed countries like Iran and Libya also want to be free – and they are getting better weapons, better information technology and higher expectations. What's keeping these people down right now is mostly the money that we keep sending to those who are oppressing and attacking them.

If we keep sending that money, these people in oil-rich states will continue their struggles, through more uprisings and more armed conflicts. Some of these people will, in exasperation, turn to extremism. The regimes that we empower will respond to these challenges with more violence, more repression, more indoctrination. The peoples of these countries are getting stronger. Eventually they'll win – the question is how violent and chaotic this transition will be. We can ease the transition by moving to the peoples' side.

It may seem that today's rule of 'might makes right' for oil is just the way that the world must work, and that it will be too hard to change this. Yet that's just how the legal slave trade seemed, and colonial rule, and apartheid, and trade in blood diamonds. Humanity has now abolished its old law of violence for all of those practices. The world is now ready to abolish 'might makes right' one more time. We can get ourselves out of business with violent and oppressive men abroad, and look forward to a world beyond blood oil.

Leif Wenar holds the chair of Philosophy & Law at King's College London. His latest book, *Blood Oil: Tyrants, Violence, and the Rules that Run the World* (2016), explores the markets and legal structures of the global oil trade, how this sustains violent leaders, and what the West can do to stop its dependence on authoritarian oil.
