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Energy, environment and
international conflicts: the
energy politics of the U.S.
Presidents James Earl Carter
and Barack Hussein Obama

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ABSTRACT

Dalla seconda metà degli anni '40 del '900 gli Stati Uniti divennero per la prima volta un importatore netto di petrolio. Furono soprattutto le attività belliche della Seconda Guerra Mondiale a rendere necessarie grandi quantità di greggio e a cambiare drasticamente lo scenario energetico statunitense. Nonostante questo, il rischio di esaurimento delle risorse petrolifere non fu preso veramente sul serio. Gli anni '50 in America sono ricordati come gli anni della “motorizzazione”: l'automobile, grazie anche al cosiddetto “Modello T” introdotto da Henry Ford, vide un vero e proprio boom, così come tutte le attività ad essa collegata – il drive-in, ovvero il cinema all'aperto tipico degli anni '50 negli Stati Uniti, è considerato l'emblema della società americana di quegli anni. Le uniche misure prese in quel periodo furono mirate a limitare le importazioni al fine di proteggere la produzione domestica dal petrolio in arrivo dal Medio Oriente, come le cosiddette “quote” introdotte da Eisenhower. Si dovettero aspettare gli anni '70 perché il governo e la popolazione statunitensi cominciarono davvero a preoccuparsi per una possibile mancanza di greggio. Gli anni '70 furono infatti contrassegnati da due crisi energetiche caratterizzate da prezzi del greggio alle stelle, scarsità di petrolio per i tagli alla produzione dei paesi produttori e panico per il rischio di ulteriori carenze. La prima delle due crisi energetiche, che avvenne tra il 1973 e il 1974, rientrava in un contesto geopolitico molto particolare, ovvero quello degli scontri in Medio Oriente e della presenza sempre maggiore degli Stati Uniti nella regione, in particolare come alleato di Israele. Nei decenni precedenti ebbero infatti luogo alcuni avvenimenti molto significativi per ciò che riguarda il contesto energetico, come la nazionalizzazione da parte del primo ministro iraniano Mohammed Mossadeq della Anglo-Iranian Oil Company nel 1953 - e la conseguente reazione di Stati Uniti e Gran Bretagna, i quali rimpiazzarono il vecchio regime con quello dello Shah, dando inizio a una lunga alleanza; la nascita nel 1960 dell'Organization of Petroleum Exporting Countries – l'OPEC – creata con lo scopo di opporsi alle pressioni e al

controllo delle cosiddette Sette Sorelle, le *major* del petrolio; la crisi di Suez nel 1956 che vide nascere l'inimicizia tra Egitto e Israele, inimicizia che avrebbe continuato a produrre effetti negli anni a venire, in particolare nel 1967 con la Terza Guerra Arabo-Israeliana – o Guerra dei Sei Giorni. In quell'occasione i due paesi mediorientali si scontrarono nuovamente a causa di come si era conclusa la crisi del '56 e il nuovo conflitto, che terminò grazie anche alla mediazione delle Nazioni Unite, vide nuovamente Israele come vincitore effettivo. Il punto fondamentale della questione, al di là delle tensioni tra i vari paesi, fu che per la prima volta i paesi mediorientali utilizzarono la cosiddetta “oil weapon”, l'arma del petrolio, per colpire quei paesi – Stati Uniti, Gran Bretagna e Germania occidentale – che avevano sostenuto Israele nello scontro, e lo fecero attraverso un embargo petrolifero. In quell'occasione gli Stati Uniti furono in grado di ovviare alla mancanza di greggio reindirizzando le scorte provenienti da altri paesi. Ma quella non sarebbe stata l'ultima volta che il Medio Oriente avrebbe usato l'arma del petrolio e con il costante aumentare della domanda, gli Stati Uniti si rendevano sempre più dipendenti dal greggio. La fine degli anni '60 e l'inizio degli anni '70 furono caratterizzati da nazionalizzazioni e accordi all'interno dell'OPEC su possibili aumenti del prezzo del greggio e tagli alla produzione. A questo andava ad aggiungersi il risentimento, ancora vivo, per i risultati della Guerra dei Sei Giorni e per il supporto statunitense a Israele, che divenne il fattore scatenante per la Quarta Guerra Arabo-Israeliana, o Guerra dello Yom Kippur, dal nome della festività sacra israeliana che si celebra il 6 ottobre, giorno nel quale venne sferrato l'attacco a Israele. L'alleanza tra Stati Uniti e Israele fu proprio la causa principale per l'embargo stabilito dall'OPEC nei confronti degli Stati Uniti e degli altri paesi alleati di del paese mediorientale e dei tagli alla produzione petrolifera stabiliti dall'OAPEC – l'Organization of the Arab Petroleum Exporting Countries. L'embargo terminò nel marzo del 1974 e anche se i paesi arabi non furono in grado di riacquisire i territori perduti durante la Guerra dei Sei Giorni, gli eventi sopra descritti causarono un vero e proprio shock energetico nei paesi importatori, con conseguenze

particolarmente pesanti sulla vita di tutti i giorni a causa dei prezzi della benzina alle stelle e della mancanza di carburante, che diedero vita alle famose code alle pompe di benzina e ai cartelli che recitavano “Sorry, no gas”. Fu da quel momento che il concetto d’indipendenza energetica entrò davvero nell’agenda politica statunitense e i primi segnali di questo cambiamento furono il famoso “Project Independence” pianificato da Nixon e dal suo Segretario di Stato, Henry Kissinger, e la creazione dell’International Energy Agency nel 1974. Ma la situazione politica interna era altrettanto barcollante: il presidente Nixon sarebbe stato costretto a dimettersi proprio in quell’anno a causa dello scandalo Watergate e il vicepresidente Gerald Ford avrebbe terminato il suo mandato. Il contesto che avrebbe caratterizzato invece la seconda crisi energetica sarebbe stato molto diverso, poiché il secondo shock fu piuttosto una reazione di panico causata da alcuni eventi politici internazionali, come la rivoluzione Iraniana nel 1979, l’invasione sovietica dell’Afghanistan sempre nel ’79 e la guerra tra Iran e Iraq avvenuta tra il 1980 e il 1988.

Il filo conduttore della tesi è il tema dell’indipendenza energetica, un obiettivo che tutti i presidenti statunitensi a partire dagli anni ’70 hanno cercato di raggiungere e di inserire nella propria agenda politica. L’attenzione si concentra in particolare su due presidenti: Jimmy Carter e l’attuale presidente Barack Obama. Le ragioni per questa scelta sono molteplici: entrambi presidenti Democratici, arrivarono alla Casa Bianca in periodi storici caratterizzati da un contesto politico, sociale ed economico molto simile; inoltre, l’approccio al tema dell’indipendenza energetica vede molti punti in comune e si può notare come il presidente Obama sia stato influenzato dalle politiche del suo predecessore su diverse questioni. Lo scopo dell’elaborato è proprio notare come Obama sia stato influenzato da Carter per quanto riguarda le proprie politiche energetiche, in quali punti in particolare e cosa possa significare questa relazione per il presente e il futuro degli Stati Uniti. Il focus in particolare è su alcune politiche energetiche – quelle legate alla protezione dell’ambiente e quelle per l’aumento della produzione domestica di petrolio – che in un certo senso collidono

tra loro e che rendono ancor più controversa la relazione tra indipendenza energetica e sicurezza nazionale. Prima di arrivare all'analisi vera e propria è stata studiata la situazione economica che gli Stati Uniti e il mondo cominciarono a vivere dalla metà degli anni 2000 in poi, ovvero la profonda crisi economica basata su una serie di bolle finanziarie - la più famosa delle quali fu la bolla immobiliare -, il ruolo che l'aumento dei prezzi delle materie prime - in particolare del petrolio - ebbe nel contesto della crisi e alcune delle ragioni per cui i prezzi del petrolio sono caratterizzati da una così alta volatilità. In seguito è stato illustrato l'andamento dei prezzi del petrolio tra il 2008 e il 2012 per poi passare all'analisi vera e propria delle politiche energetiche del primo mandato di Obama, focalizzandosi sul *Blueprint for a Secure Energy Future*. Ci si è dapprima concentrati sugli obiettivi generali stabiliti dal documento per poi analizzare le misure pratiche stabilite al fine di perseguire ognuno di questi. Gli obiettivi più significativi nel contesto dell'indipendenza energetica sono l'aumento della produzione domestica di energia - soprattutto petrolio e gas naturale -, l'inserimento di misure mirate alla protezione ambientale - come gli standard per le emissioni di gas serra ma anche gli investimenti in fonti di energia rinnovabile -, l'aumento dell'efficienza energetica e la riduzione della dipendenza del paese dal petrolio. Come si vedrà alcuni di questi obiettivi - in particolare l'aumento della produzione domestica di gas naturale e petrolio e la protezione ambientale - collidono tra loro, dando vita a un quesito importante per quanto riguarda il futuro energetico degli Stati Uniti e per la stessa sicurezza nazionale del paese. L'analisi del *Blueprint* è stata inoltre portata avanti esaminando alcune delle reazioni e delle opinioni a proposito del documento e attraverso la lettura e l'esame del report redatto dallo staff della Casa Bianca un anno dopo la pubblicazione del *Blueprint*. Dopo aver disegnato un quadro delle politiche energetiche di Obama, si è passati ad analizzare quelle dell'ex presidente democratico Jimmy Carter. Qui l'analisi è stata portata avanti attraverso la lettura di diversi discorsi fatti da Carter nel corso del suo unico mandato, con attenzione particolare al *Address to the Nation on Energy and National Goals* del 15 luglio 1979 - meglio conosciuto come il

Discorso sul Malessere – e il *State of the Union Address Delivered Before a Joint Session of the Congress* del 23 gennaio 1980. Con il cosiddetto *Malaise Speech* - rilasciato dopo un periodo di consultazione con esperti di vari campi e gente comune a Camp David - Carter analizzò in profondità i problemi della sua nazione, parlando della crisi energetica come parte di una crisi più ampia, introducendo per la prima volta nell'agenda politica temi come la qualità della vita e la protezione ambientale e sottolineando l'importanza del contributo della popolazione statunitense per uscire dalla crisi. Con l'analisi del *State of the Union Address* si ha uno stacco forte dal discorso precedente, in quanto è proprio con il discorso del 1980 che Jimmy Carter enuncia la sua famosa dottrina, il cui nocciolo è costituito dalla difesa degli interessi nazionali – ovvero le riserve di petrolio all'estero – attraverso qualsiasi mezzo necessario, inclusa la forza militare. La dottrina di Carter – che poneva l'accento sulla grande dipendenza degli U.S.A. dal petrolio straniero – venne inizialmente elaborata come un chiaro messaggio diretto all'Unione Sovietica, la cui influenza in Afghanistan era aumentata a tal punto da arrivare all'invasione del paese nel dicembre del 1979. Ma, nonostante anche il fallimento delle politiche estere di Carter e della sua stessa carriera presidenziale, la sua dottrina verrà perseguita da tutti i suoi successori, Democratici e Repubblicani, tanto da poter essere considerata una politica bipartisan. Da Ronald Reagan a Obama, ogni presidente negli ultimi trent'anni ha pronunciato almeno una volta parole che riflettevano quelle di Carter nel 1980, portando avanti le sue idee per ciò che riguarda gli interessi nazionali in Medio Oriente e, a partire dalla presidenza Clinton, ampliando l'area d'influenza statunitense a zone come il bacino del Mar Caspio e l'Africa occidentale. Ed è proprio attraverso l'analisi della “globalizzazione” della dottrina Carter che si arriva ad enfatizzare le diverse sfaccettature del legame d'influenza esistente tra Carter e Obama e a chiedersi cosa questo legame possa significare per il futuro energetico e per la stessa sicurezza nazionale degli Stati Uniti. Dall'analisi delle politiche di questi due presidenti si può infatti concludere che Obama abbia preso spunto da Carter per quanto riguarda la protezione ambientale, l'efficienza energetica e

il tentativo di ridurre la dipendenza degli U.S.A. dal petrolio, ma allo stesso tempo l'attuale presidente rimane fortemente influenzato dall'idea di continuare a proteggere i propri interessi energetici oltreconfine. Questa "doppia influenza" risulta particolarmente controversa e pericolosa per l'idea di America promossa da Obama nel 2011, un'America energeticamente indipendente e allo stesso tempo sicura, da lasciare in eredità alle prossime generazioni. La continua dipendenza statunitense dal greggio rischia infatti di creare serie difficoltà su molti fronti. Il primo è sicuramente l'alto tasso d'inquinamento e la questione del cambiamento climatico dovuto alle emissioni di gas serra, aggravato da conseguenze come l'aumento d'intensità di tifoni, uragani e altri fenomeni naturali. Inoltre le nuove tecnologie per l'estrazione di greggio e gas naturale, come la fratturazione idraulica, sono processi che possono causare ulteriori danni all'ambiente e di cui non si conoscono ancora gli effetti a lungo termine. Anche il trasporto del greggio da paesi pur più vicini del Medio Oriente, come il Canada, rischia di inquinare quasi più della stessa produzione. Non ultima, la questione del *peak oil* risulta particolarmente controversa. Nonostante le riserve di greggio confermate continuino ad aumentare, anche grazie alle cosiddette riserve di petrolio "non convenzionale" – la cui estrazione potrebbe rivelarsi altamente pericolosa e inquinante – non ci si può dimenticare che il petrolio rimane una risorsa esauribile e che quindi prima o poi terminerà. L'esaurirsi delle risorse petrolifere potrebbe dare vita a uno scenario futuro caratterizzato da guerre e scontri sempre più frequenti per il controllo e l'acquisizione di queste risorse, scenario che metterebbe a rischio la sicurezza nazionale degli U.S.A., ma anche di tutto il mondo. Le sfide che il presidente Obama si trova ad affrontare in campo energetico in questo secondo mandato non sono semplici: gli interessi delle associazioni ambientaliste – che avevano accolto positivamente la sua elezione nel 2008 ma che cominciano a perdere fiducia – continuano a scontrarsi con quelli di alcuni settori del mercato energetico e più in generale dell'economia, così come con quelli dell'opposizione. Per portare avanti una politica energetica efficiente e a lungo termine è necessaria infatti l'approvazione di entrambe le parti

e la costruzione di una politica bipartisan. Fondamentale è ancora una volta il ruolo del popolo americano: della loro attenzione nello scegliere i giusti candidati al Congresso; dei giovani, che costituiscono i destinatari di queste politiche a lungo termine; e di coloro che si candideranno alla classe politica, persone che non dovrebbero temere gli ostacoli né tantomeno scegliere la via più facile quando si tratta di questioni che riguardano il futuro del paese. Raggiungere una politica energetica efficiente e a lungo termine, mirata non solo all'indipendenza energetica ma anche alla sicurezza del paese, dipende non solo dal Presidente in carica e dalla sua amministrazione, ma dal contributo di ogni parte in causa: la classe politica nel suo complesso, le aziende, le associazioni ambientaliste, la gente comune.

INTRODUCTION: A SECURE ENERGY FUTURE FOR THE UNITED STATES OF AMERICA

In recent times securing American energy supplies has acquired a new relevance and it has become as a key element of US strategic plans. Today this issue is probably more urgent than ever, but it is nothing new: the term energy security is at the first place in U.S. policy at least since from the early 1970s and also in the following decade it has been the object of new strategies and plans, the last of which can be considered Barack Obama's Blueprint for a Secure Energy Future of 2011. Achieving energy independence, in particular through the increasing of domestic oil production and investments in renewable sources of energy, is probably the major aim enlightened in this document, but the history of the last decades as well as that of more recent events demonstrate that US is still fighting to gain control over cross-border energy supplies.



Petroleum is not the only available source of energy today and especially in recent times there is a high need to invest in forms of energy other than oil. For what concerns the total primary energy supply, oil has grown in absolute terms, but there are several other sources we should consider when analyzing a possible future scenario of the world of energy: natural gas for example is the source which gained the most from the 70s to the present and

fuels will see a further development in the future, as well as alternative sources of energy such as hydro and wind energy. The role the United States play today in the field of energy is highly significant. United States are the 3rd producer of crude oil after Saudi Arabia and the Russian Federation, but being a big producer does not always mean energy self-sufficiency: in the 1970s the U.S. definitely turned from being a net oil exporter to a net oil importer and from several decades they are studying new plans and strategies to achieve oil and energy independence. Today the U.S. are the 1st oil consumer and the 1st oil net importer of the world. Global oil consumption in 2008 and 2012 was respectively of 82 Mb/day and 90 Mb/day.

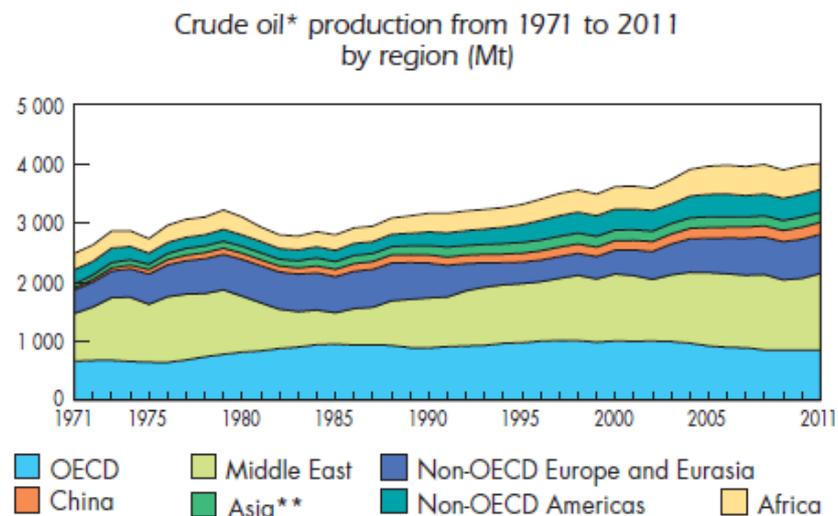


Figure 1. Source: IEA, 2012

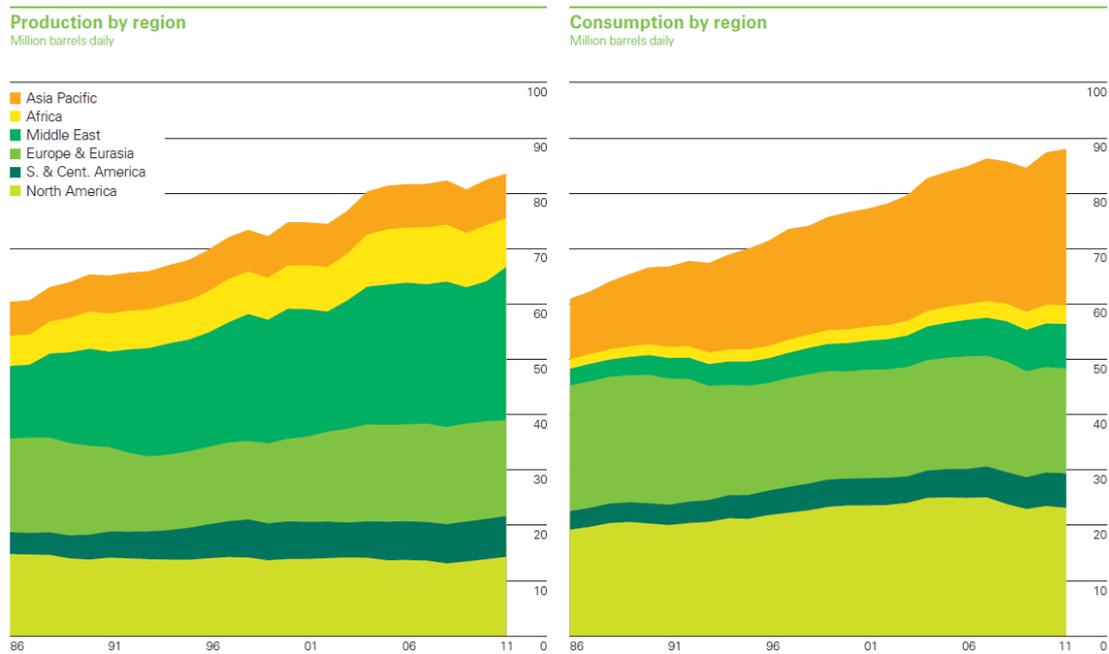


Figure 2. Source: BP Statistical Review of World Energy, June 2012

For what regards sources of energy other than oil, we can observe that the U.S. occupy an important position in the production of sources of energy like natural gas, coal and nuclear energy. The following data about U.S. energy production, imports and exports come from the 2012 Key World Energy Statistics of the International Energy Agency.

Natural gas production: U.S. are the 2nd producer after the Russian Federation and the 4th net importer of this source of energy.

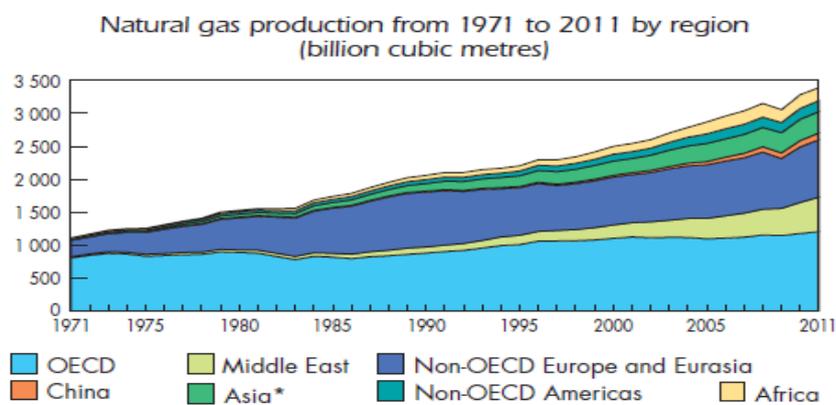


Figure 3. Source: IEA, 2012

Coal production: U.S. are the 2nd producer after the People's Republic of China and the 4th net exporter.

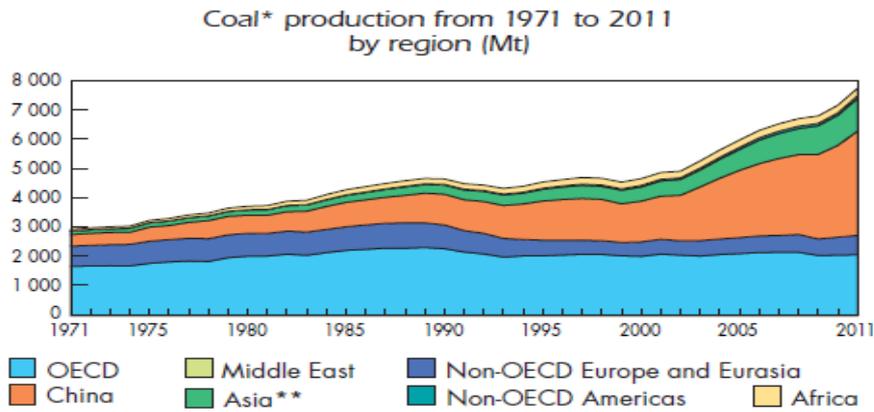


Figure 4. Source: IEA, 2012

Nuclear production: U.S. are the 1st producer of nuclear electricity, the 1st for installed capacity and the 6th for % of nuclear in total domestic electricity generation.

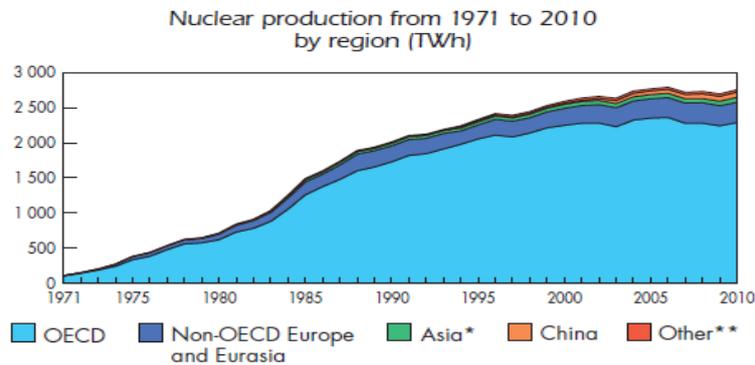


Figure 5. Source: IEA, 2012

Hydro production: U.S. are the 4th producer of hydroelectricity, the 2nd for installed capacity and the 10th for % of hydro in total domestic electricity generation.¹

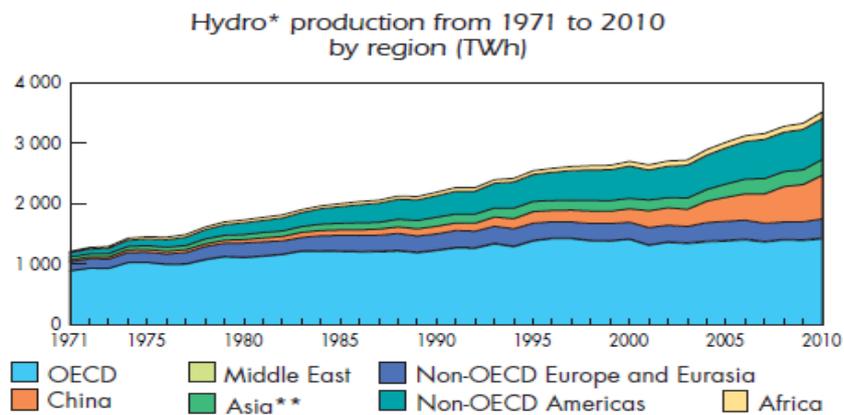


Figure 6. Source: IEA, 2012

¹ Key World Energy Statistics 2012, International Energy Agency

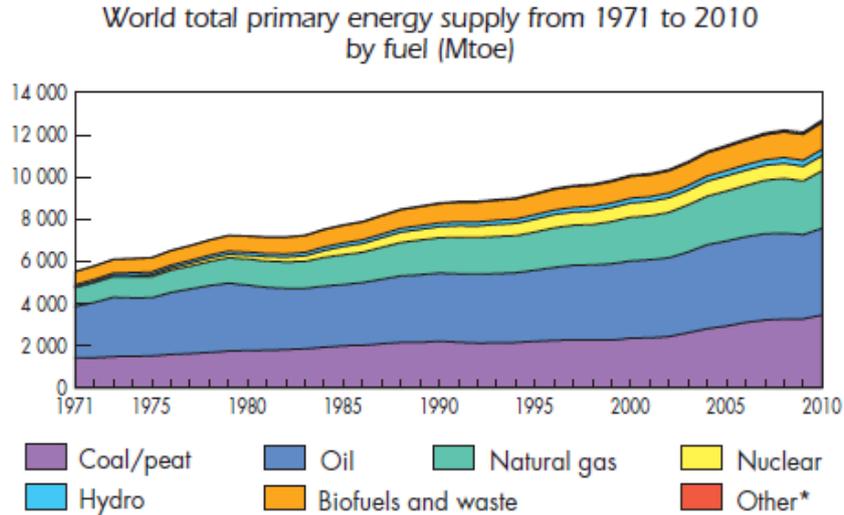


Figure 7. Source: IEA, 2012

These data are fundamental to understand at which point the U.S. are in the energy market for what concerns aspects such as energy independence (oil or natural gas production) and specific technology (for example for the development of renewable energy). But, as previously said, several other elements should be considered to construct a good analysis of the situation: numbers (prices, trade tendencies, Co2 emissions), sociopolitical and geopolitical factors (political instability, technological innovations, struggles, allocation of sources) are all elements which cannot be ignored. Another useful document containing updated data for this analysis is the BP Statistical Review of World Energy released in June of last year. The BP Statistical Review of World Energy is published every year and is one of the most important documents about world energy markets. Last year report is particularly relevant because 2011 was a year characterized by a number of events which had significant consequences for the energy field and for the future of energy:

2011 was an unusually eventful year in global energy. The tumultuous events of the 'Arab Spring' shook energy markets and underscored the importance of maintaining spare capacity and strategic stockpiles for dealing with supply disruptions. The earthquake and tsunami in Japan was a humanitarian disaster; and one with immediate implications – in Japan and around the world – for nuclear power and other fuels. Oil prices hit an all-time record high. Yet the revolution in shale gas production drove US natural gas prices lower, reaching record discounts to oil. With all of these issues in play, global energy consumption grew by 2.5% in 2011, broadly in line with the historical average but well below the 5.1% seen in 2010. Once again emerging economies accounted for all of the net growth in energy consumption, with demand in the OECD falling for a third time in the last four years.

At this level, change comes only slowly to the global energy system. It is important for all of us – producers and consumers, along with our governments and everyone interested in energy – to address today’s challenges without losing sight of slower-moving structural changes, including those we are seeking to bring about. It is a singular contribution of this review to keep us firmly rooted in objective data: a rigorous understanding of where we are – and where we have been – is necessary for us to build a safe and sustainable energy future together.²

If it is true that the U.S. have put energy independence at the top of their energy policy from several decades and they are trying to lessen their reliance on imported oil, it is equally true that for the moment they cannot avoid to cross the border to find the energy sources they need and that they would do everything possible to acquire them, thing that it is key to safeguard their national interests.

Conflict over valuable resources – and the power and wealth they confer – has become an increasingly prominent feature of the global landscape.³

In its history the world has always experienced conflicts and wars justified by the conquest of fundamental resources. But if in the past this fact had often been put backward by territorial conquests or the fighting of opposite ideologies, in a post-Cold War era, with new emerging markets and the rise of the global energy demand, new conflicts based on the conquest of scarce resources will be the most probable scenario. Our planet is full of resources to struggle for: drinkable water, sources of energy of different kinds, minerals. These resources are becoming even scarcer because of the aggressive action of humans on the planet and, in the majority of cases, they are located in unstable countries or in borderline zones. The same presence of valuable resource in these areas contributes to make these countries even more politically unstable, thing that combined with economic crisis and religious struggles can easily lead to interstate conflicts:

Whatever form these engagements take, they are best described as *resource wars* – conflicts that revolve, to a significant degree, over the pursuit or possession of critical materials.⁴

But when a dispute over a scarce resource does become a struggle that can implicate the use of military force for its protection? A resource becomes of vital importance when its

²Excerpt from the Introduction to the BP Statistical Review of World Energy, June 2012, p. 3

³ Klare, M.T. (2002), *Resource Wars. The New Landscape of Global Conflict*, Owl Books, New York, p. IX

⁴ Ibid., p.25

abundance or its absence seriously affects the national interests and the security of a certain country. For several states, like some parts of Africa, such a source can be for example drinkable water, whose scarcity is now becoming an emergency. But for the great majority of industrialized countries, included the study case of the present dissertation – the United States of America – the resources which are fundamental for their national interests are those sources which are necessary for moving their economies or to support their military. Today among these resources, energy sources - oil in particular - stand out for their particularly important role in the global economy. Industrialization, in particular after the Second World War, has led to an increase in people's wealth and in people's consumption, with a consequent staggering growth in energy demand. But the great part of the resources used today is exhaustible, especially for what concerns those, like oil, which are at the base of industrialized economies and which are used in ever bigger quantities. Even with the introduction of new technologies for petroleum extraction, sooner or later demand will exceed supply in such a percentage that production will not be able to compensate people's needs anymore. The fear of shortages is already driving many developed countries to act for the protection of oil fields beyond national borders as well as of key ways for its transportation. In the last decades the U.S. have not hesitated to use – and to menace to use – its military force to protect its vital interests in far areas of the world. The relation between U.S. and Middle East has always been controversial, with the most recent peak of trouble during George W. Bush administration. Even if oil is only one of the motives for such a difficult relation, it is acquiring even more relevance in defining the politics of U.S. presidents towards these countries:

Eventually the Bush Doctrine committed the United States to fighting a global war against terror, stopping the spread of weapons of mass destruction in combination with the muscular promotion of democratization across Middle East. The invasion of Iraq launched by George W. Bush appeared to combine all three motives. [...] Marxist scholars were quick to identify the economic logic of oil underpinning the decision to unset Saddam.⁵

⁵ Dodge, T., "The United States and oil", in M. Cox, D. Stokes (eds.) U.S. Foreign Policy, Oxford, 2007

U.S. have long been – and partly still are – dependent on Middle East oil and maintaining good relations with the Saudi royal family has been key to assure them the supremacy on the Persian Gulf area. Clearly, when U.S. foreign relations combine with the security of important resources, a certain degree of control by the United States themselves is unavoidable. In February of 1945, when the Second World War ended U.S. oil self-sufficiency, president Franklin Delano Roosevelt established a protectorate over Saudi Arabia:

By 1943, he had concluded that Saudi Arabia was likely to assume the role of America's principal foreign supplier after World War II, and, by 1945, had determined that the United States must extend some sort of protective umbrella over Saudi Arabia's prolific oil fields.⁶

Protecting Saudi Arabia from its domestic and foreign enemies was considered the payment for the exclusive access to Saudi oil: this passage was not made explicit in U.S. energy politics at the time, but it was more a sort of tacit alliance, as expert Michael T. Klare defines it - a tacit alliance that consisted in military measures such as the establishment of bases and the supply of weapons and which can be considered the origins of the so called Carter doctrine. But the ever more deep and oppressive presence of U.S. in Middle East territory and affairs has generated high hostilities against them from several parts, embroiling America in Gulf political affairs. U.S. intervention in affairs like the attempt of nationalization of Iranian oil by Mohammed Mossadeq or that of Iraqi Oil Company are only two proves of how both U.S. interests in Middle East oil and their strong presence on the territory have ancient origins. The 1970s in particular would be a critical decade for U.S. relations with Middle East countries: events such as the two oil crisis and the embargo of 1973 would spoil the alliance with Saudi Arabia itself. Clearly, struggles here had begun decades before the arriving of U.S. on the area, but the discovery of oil and the consequent American claims for the control of this resource contributed to the hardening of such tensions.

Resource wars are almost inevitable in the current era: the globalization of demand means that U.S. – together with Western Europe and Japan - are not the only big

⁶ Klare, M.T., "Oil, Iraq, and American Foreign Policy: The Continuing Salience of the Carter Doctrine", *International Journal*, Vol. 62, No. 1, Natural Resources and Conflict (Winter, 2006/2007), pp. 32-33

country in need for energy and oil anymore, but new actors such as China, India and Middle East are now on the scene. This growth of demand in new emerging markets is already interacting with shortages of vital sources of energy giving life to conflicts between producers and consumers, but also among oil importers which need to take control of oil-rich countries to sustain their economies and societies. This means that energy is not only an opportunity or a sign of technological improvement and development any more. Today more than ever, energy constitutes an enigma. With globalization, the increase of energy demand from new markets and the development of new technologies linked to the extraction of energy sources, production and consumption of energy have led to several question marks, especially with relation to two main aspects: the quantity of oil still available on our planet and the environmental problems that consumption and production of oil and other polluting sources of energy are causing and how to solve them. The issue of environment and the implementation of politics aimed at its protection are two of the main focuses of Obama Blueprint for a Secure Energy Future: in particular, it is what can make the United States not only energy independent, but also energy secure. Both domestic oil production and investments in new drilling technologies are creating serious problems to the environment (greenhouse gas emissions, global warming, etc.) and the United States are one of the countries which produce the major effects on the atmosphere. Moreover, studies about the *peak oil* are already on the table: conventional oil might run out and even with new technologies such as *fracking* and horizontal drilling – which are even more dangerous than conventional ones – oil will not last forever. These two issues combined show that the path the United States are following seriously jeopardizes the secure energy future Obama told about in 2011. Actually discussions about these problems are not so recent: the two energy crisis of the 1970s brought the entire world to their knees, focusing the attention of people on the availability of petroleum and leading to the search for new forms of energy as well as to a new consciousness about the global effects of an excessive use of oil, even if only for a while. In July of 1979 U.S.

democratic President Jimmy Carter delivered a speech that was different from any other ever pronounced by his predecessors and for this reason also highly criticized by his opponents. For the first time an American president spoke about quality of life and about what people, and not the government, really wanted and felt as fundamental during a period of high international tensions and struggles: among the other themes, those of energy and environment stood out.

During the past three years I've spoken to you on many occasions about national concerns, the energy crisis, reorganizing the government, our nation's economy, and issues of war and especially peace. But over those years the subjects of the speeches, the talks, and the press conferences have become increasingly narrow, focused more and more on what the isolated world of Washington thinks is important. Gradually, you've heard more and more about what the government thinks or what the government should be doing and less and less about our nation's hopes, our dreams, and our vision of the future.⁷

President Carter collected several testimonies of citizens during the ten days spent in Camp David before the release of his speech and these testimonies proved that people were aware about problems such as U.S. oil overconsumption and the dependence of their country on foreign oil, especially on petroleum imports from Middle East. But Jimmy Carter was also the President who, toward the beginning of the 1980s, threatened the use of force to assure U.S. control over vital sources of energy for the first time, inaugurating a long tradition that would quickly spread among his successors. More than thirty years after the presidency of Jimmy Carter, another democratic president changed the history of the United States: the election of Barack Obama in 2008 can be considered a watershed, for several reasons. He was the first Afro-American to enter the White House and this had a high symbolic value as he can be considered the representation of all the changes the United States are passing through; like his predecessor in the 70s, he gave prominence to the problem of energy, in particular to U.S. oil security, but he also talked about environmental protection and investments in renewable sources of energy. Despite of all these important innovations, the faith in his mandate has

⁷ James Earl Carter, Address to the Nation on Energy and National Goals: "The Malaise Speech", July 15, 1979

started to vacillate and the president himself has understood that to restore America he need to shift from the “Yes, we can” slogan of 2008 to really putting into practice his politics.

Objectives of the dissertation

The main objectives of this dissertation are:

- studying the most relevant aspects of the energy politics of former President James Earl Carter Junior, best known as Jimmy Carter, and of current President Barack Hussein Obama, in order to understand how President Obama’s choices have been influenced by those of his predecessor;
- focusing on the issue of energy independence. This will be done in particular through the analysis of Obama Blueprint for a Secure Energy Future, released in 2011, and analyzing the relationship between energy independence and the politics aimed at increasing domestic oil production and protecting the environment. Toward the end of the dissertation it will be given a picture of the successes and the shortcomings of Obama first term and of the first months of his second mandate, to enlighten the controversial relation that exists today between these two elements of energy independence, and what the United States actually need to guarantee a safe energy future to next generations.

Before explaining the choice of these two presidents as “protagonists” of this paper, we have to specify what we mean with the term “energy politics”. Energy politics can be considered the governance of energy issues by a specific country, the United States in this case, concept that primarily refers to the relations this country maintains with other countries around the world, which can be of cooperation or conflict, in order to obtain the control of vital energy sources. At an international level the concept of energy politics includes also a wide range of issues and problems connected with globalization, such as the allocation of

sources, consumption of energy, imports and exports, technology, inter and intra-state struggles and environmental pollution. At a domestic level, and in particular for what concerns the case of U.S., energy politics means taking measures aimed at securing energy supplies, achieving energy independence, avoiding shortages and limiting the impact on the environment, measures which can be based on an increase of domestic energy production, on investments for the development of technologies for renewable energies or on energy efficiency.

The choice of analyzing the energy politics of Jimmy Carter and Barack Obama lies on the similarities which can be observed in the politics and ideas of two presidents who governed the United States within thirty years of one another. Both Democrats, they became president in a period characterized by economic crisis, high oil prices and serious international struggles. Moreover, both paid attention to problems like ecology, environmental protection and alternative sources of energy at the moment of adjusting their energy plans. We can also draw a parallel between the famous speech of Jimmy Carter about the crisis of confidence, also named the *Malaise's speech*, and the current crisis of confidence the United States are living more or less from the end of George W. Bush administration. It is also interesting to see how the so-called Carter doctrine affected the energy politics of all his successors, included some recent events which the current president of the United States had to manage toward the end of his first term.

This dissertation will be developed in the following way:

- the first chapter will be a sort of historical introduction to the following analysis, with a first part about the history of oil from the 19th century to the 1960s, and a second part about the fundamental decade of the 1970s, that will talk mainly about the two energy crisis and the first years of presidency of Jimmy Carter;

- the second chapter will analyze the first term of president Barack Obama, first explaining the economic context of his presidency and the situation regarding oil prices instability, and then focusing the attention on his energy politics, paying particular attention to U.S. energy independence and security through the analysis of the Blueprint for a Secure Energy Future of 2011;
- the third chapter will talk about the energy politics of Jimmy Carter; the discussion of this part will be based on the analysis of some of his speeches and addresses and the two main points of his energy politics included in this chapter will be: the energy crisis as part of something deeper, a crisis that regarded U.S. society as a whole, and the introduction in this context of issues such as environment and quality of life, first proposed by this president with the famous *Malaise's speech*; the protection of U.S. energy interests around the world, elaborated through the speech of 1980 or the so called *Carter's doctrine*;
- finally, the conclusions will talk first about the globalization of the Carter doctrine - that means how Carter's successors applied his ideas to future struggles for the protection of U.S. energy security - to see how and how much the politics of president Obama have been influenced by Carter's doctrine; in the second part it will be given a picture of the shortcomings and the successes of Obama's first mandate energy politics and of this first year of his second mandate. As already said, here the focus will be on the controversial relation between U.S. oil dependence and environment protection in the context of energy independence and energy security.

CHAPTER 1.

U.S.A., OIL AND ENERGY: HISTORICAL CONTEXT

1.1 The industry of oil from the 19th century to the 1960s

Oil is probably the energy source that most changed global society and that helped creating the world as we know it today: from transports to energy, the great part of the activities which characterize the era of globalization are mostly unthinkable without the production and the consumption of this source. But oil has not always been the main source of energy and its history starts many centuries before its employ in the transport field. We have to go back to the 19th century to know how oil was used when it was first discovered in America and Europe:

And with that, man was suddenly given the ability to push back the night. Yet that was only the beginning. For Drake's discovery would, in due course, bequeath mobility and power to the world's population, play a central role in the rise and fall of nations and empires, and become a major element in the transformation of human society. But all that, of course, was still to come.⁸

At the very beginning of its life oil was considered a decisive weapon in battle: already in the 7th century, Byzantines used a mixture of petroleum and lime, called *oleum incendiarum* or Greek fire, against their enemies. In the mid of the 1800, the so called "rock oil" which leaked out from the terrain in Pennsylvania was used for completely different purposes than those we know today: it was employed by a tribe of local Indians, Seneca Indians, as a remedy to cure different kinds of diseases and pains. Locals thought it was a kind of medical oil and they started selling it with the name of "Seneca oil", but this new material was also contaminating brine wells and so affecting negatively the production of salt. It was something completely different from all the other similar substances known until that moment, like vegetable oils or animal fats: the first American who thought about its possible employment as an illuminant was the professor, journalist and lawyer George Bissell, but the first to put in practice these ideas in the U.S. was Dr. Abraham Gesner, who in 1849 started to distillate kerosene from asphalt and other substances. It was the first boom of the history of

⁸ Yergin, D., (1991), *The Prize*, Simon & Schuster Ltd, London, p. 29

oil: at that time, the only substance used to illuminate streets and homes was “town gas”, that was extracted from coal and whale oil, and both were quite expensive. Oil quickly replaced old substances becoming the first cheap illuminant of history. But Gesner was not the only one in the world who was experimenting new possible uses for oil. In Europe, in the oil abundant area of the Carpathian Mountains, more precisely in the Ukrainian town of Lvov, a Polish pharmacist named Ignacy Lukasiwicz started to produce kerosene, perfecting the techniques used by Gesner and giving life to the European oil industry. Lukasiwicz was also the man who in 1854 created the first European oil wells, which were drilled 30 to 50 meters deep at Bóbrka, in Poland.



Figure 8. Bóbrka oil field, Poland in 1872

Knowledge about refining techniques arrived in Europe from the Arabs and thanks to the work of Lukasiwicz a small oil industry started to flourish in Eastern Europe. Unfortunately, the technology employed for drilling available in that area was not sufficiently developed.



Figure 9. Polish Oil Wells

The first oil well of North America was built in Ontario, in Canada, only four years after the one constructed in Poland; one year later, the first oil well of United States would be drilled in Western Pennsylvania, in the city of Titusville. The name which remained connected to this new well would be that of Colonel Edwin L. Drake. At the time of the lighting boom the problem with oil was its abundance: the more oil could be drilled, the more it could be sold at cheap prices. The technique used until that time to extract oil from the terrain, digging, was clearly not sufficient, but in 1830 a new method arrived in the U.S. directly from China, passing through Europe: drilling. At the beginning this technique was used to extract salt in America, but one day that George Bissell, who was trying to launch his venture in the field of oil, thought about using the same technique for pumping oil out from the earth. The researches to verify if that famous Seneca oil, that Bissell wanted to drill from terrain, had the right properties to be used as an illuminant were carried out by Benjamin Silliman Jr., a chemist from Yale University: with his report, Bissell was finally able to obtain the funds to create his business, the Pennsylvania Rock Oil Company, that would later be renamed Seneca Oil Company. When he met George Bissell, Edwin Drake was a former railroad conductor, currently unemployed and with a still valid free railroad pass, but he had never been a colonel. Drake was recruited by Bissell and his investors in 1857 to visit the area of Titusville, in Western Pennsylvania, and analyze the situation. Titusville was a rich oil city at that time, but oil was mainly considered a problem by the local population, who were

looking only for salt water or drinkable water and who were obliged to abandon a well every time oil came out with it. As Drake had not particular references, Bissell and his team decided to give him the title of colonel to impress locals and to give respectability to their work. Drilling began in summer of 1859, after Drake had met William A. Smith, or “Uncle Billy” Smith, a blacksmith who had worked in the drilling for salt and who became his driller. Their activity progressed slowly at the beginning and it was expensive; but exactly in the moment when investors started to doubt about the profits they could gain from that activity and to renounce, Drake and Smith found oil. After some days, Drake’s well started producing ten barrels per day and the oil production continued this way for some years.



Figure 10. The Woodford and Phillips wells, Tarr Farm, in the Oil Creek Valley of Pennsylvania about 1862

Life was changing in the quiet farm country of Pennsylvania, leading off to a huge worldwide oil rush: before the East Texas oil boom of 1901, Pennsylvania was responsible for ½ of the world’s oil production.

Titusville transformed almost overnight from a quiet farm town to an oil boom town of muddy roads, hastily constructed wooden derricks, and noisy steam engines. The Pennsylvania oil boom was on.⁹

But the industry of oil presented high risks already in the first times of its production. As people had no geological knowledge of the area, wells were not built according to precise

⁹ *The Early Oil Industry in Pennsylvania*, San Joaquin Valley Geology, www.sjvgeology.org

safety standards. The aim was producing the more oil possible at the fastest possible rhythm and the proximity of which wells were drilled often caused fires. The first oil well built by Drake burned just some months after its construction. Drake's well was not the first oil well of the world, but it clearly represented the first important step for U.S. oil industry. The first oil refinery of the U.S. opened in 1861, always in Western Pennsylvania. Since that moment, the industry of crude-oil refinery flourished in the U.S., substituting the old coal-oil refinery industry. The Civil War gave new impetus to this industry, provoking the cutting off of shipments of cheaper illuminants: Pennsylvanian kerosene was the perfect substitute. The business of oil quickly arrived to the financial districts of New York and Washington D.C. In the second half of the 1860s, the hungering to produce huge quantities of oil as quickly as possible led to strong competition among wells owners and speculation. The oil bubble burst quickly, leading to depression and a drop of oil prices to \$2.40 a barrel. And that was only the beginning:

The futures prices were the focus of speculation, and oil became "the favorite speculative commodity of the time".¹⁰

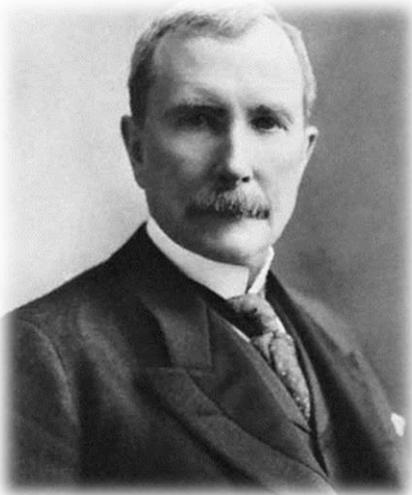
During the 1870s the oil industry made the fortune of many famous American families. Among them, the most emblematic is probably the Rockefeller family. The New York State-born John D. Rockefeller was just twenty-six when he founded the Standard Oil in 1865: the same year the Civil War ended, starting off an era of development and economic expansion, but also of speculation and high competition. John Rockefeller was a very smart and mysterious man with a high taste and a mind made for business: at the end of the 1860s he was already the owner of the biggest refinery of the world. Toward the end of the 1860s the oil market was becoming overstocked, leading to oil price fluctuations and depression; to strengthen his position and his control of the sector even more, Rockefeller transformed his business in a joint stock company and in 1870 he and his partner and friend Henry Flagler

¹⁰ Yergin D., (1991), pp. 33-34

established the Standard Oil Company. Thanks to his pragmatism Rockefeller was able to survive in a period when all the other refiners were experiencing a moment of deep economic depression, establishing a real monopoly of oil refinery and winning the “Oil War”:

By 1879, the war was virtually over. Standard Oil was triumphant. It controlled 90 percent of America’s refining capacity. It also controlled the pipelines and gathering system of the Oil Regions and dominated transportation.¹¹

Clearly such a huge success had also its negative side. Toward the end of the 1870s Rockefeller’s competitors started to question the legality of Standard Oil in order to limit its control over the market. In less than a decade, the Standard Oil Company was no more only the biggest refinery of the U.S. and the world: it became the first legal trust of history. To



reject the charges, John Rockefeller stated that the shares of Standard Oil Company were propriety of the stockholders and not of the Standard itself, thing that would be illegal at the time. The document that formalized it was the Standard Oil Trust Agreement, signed on January 2, 1882. The word “trust” was appointed with a negative meaning since its very birth. But John Rockefeller was also the inventor of what today is one of the most spread and successful forms of

business: the vertical integrated company. If in the past he was convinced to concentrate all his attention only on refinery, at a certain point of his life, exactly in the mid-1880s, he decided to spread his control over the marketing side and, overall, over oil production. In the early 1890s Standard Oil Company controlled the 80 percent of the marketing sector and a quarter of America’s total crude oil production. Standard Oil Company was the first vertical integrated petroleum company. This new element brought new enemies to Rockefeller and his business, that was renamed the Octopus. But what distinguished John Rockefeller from his

¹¹ Yergin, D., (1991), p. 43

American competitors was probably not only his business instinct, but his faith in the oil business:

A central theme underlay Rockefeller's management; he *believed* in oil, and his faith never wavered. Any drop in the price of crude was not a reason for anxiety, but an opportunity to buy.¹²

But new competitors were bearing and flourishing, not only in the United States, but all over the world.

Oil was acquiring its market portion successfully and it was a rapid expansion business. But it would need some other decades to finally become the first energy source of the world: the predecessor of petroleum, coal, was not only the typical source of Great Britain's Industrial revolution but also the main energy source of the world before the advent of petroleum. Oil started to obtain some small successes already in the later 1800s and early 1900s, when it became to be seen as a resource of strategic importance, particularly during the two world wars.

In 1912 the Royal Navy, led by First Lord of the Admiralty Winston Churchill, switched from coal to oil. This fact can be considered a watershed in the history of oil, because for the first time a country faced a problem that would be even more relevant in the future: the scarcity of a fundamental strategic resource. As a matter of fact, at that time Great Britain was famous for being rich in coal, but not in petroleum. Consequently dependent on imported supplies, Great Britain carried on the first action of history to secure overseas oil supplies: in 1914, the British Parliament nationalized the Anglo-Persian Oil Company (APOC), protecting from that moment the oil concession area in Persia. This event was considered of such a vital relevance for the out coming of the First World War that Lord Curzon, former viceroy of India, stated that the Allies had "floated to victory upon a wave of oil". Many other European governments followed the example of Great Britain and oil would acquire an even major strategic importance during the Second World War. The discovery of

¹² Yergin, D., (1991), p.46

the East Texas oil field in 1931 created an oil glut that was fundamental during the Second World War and many of the major events of the conflict, such as the invasion of Soviet Union by Adolf Hitler, were driven by oil.

Toward the end of the war, U.S. became a net oil importer for the first time. But for what concerns the United States, the event that really announced the birth of the oil market on a massive scale was the advent of the automobile. At the beginning of the 1900 automotive locomotion was substituted by gasoline-powered cars. One of the men who gave a major contribution to this fundamental shift was the chief engineer of the Edison Illuminating Company in Detroit: his name was Henry Ford.



Ford himself designed and invented a gasoline-powered vehicle, the Ford, but the most important passage of his career was the invention of the “T-Model”, or production line, a work process based on several single activities that allows producing much more final products in less time. The application of Henry Ford’s “T-Model” to the production of automobiles and the subsequent global spread of Fordism constituted a milestone and a starting point for the process that conducted to a massive consumption of oil. The post-Fordism era, characterized by global transports, global chains of production and consumption and the spread of a consumerist ideology, helped carrying on an economy based on energy intensive production processes and the subsequent growing consumption of oil. The Fordism

and the post-Fordism eras can be considered the beginning of the globalization of the use of oil, but only in the 1950s petroleum would completely dethrone coal, the “old king” of the energy sources:

If it can be said, in the abstract, that the sun energized the planet, it was oil that now powered its human population, both in its familiar forms as fuel and in the proliferation of new petrochemical products.¹³

Toward the end of the 1940s and until the middle of the 1960s, people were enjoying a flourishing economic situation and higher standards of living in the industrial countries. It was the right moment for the boom of oil: not only did the number of automobiles increase (from 45 million in 1949 to 119 million in 1972), but oil started also to be employed to move other kinds of means of transport and to heat homes. The petrochemical industry started to study new uses for it: this was the era of the birth of plastic, which started to replace several other materials. Moreover, it was more and more cheap. The new war of energy sources was no more among refiners or between producers and buyers: it was between coal, the energy source of the Industrial Revolution, and oil, the energy source of modernity. Coal remained the king until the mid of the 20th century, when petroleum started to be not only cheaper, but also abundant, preferable from an environmental point of view and cheaper than coal in terms of energy delivered per dollar. Moreover, the oil market was considered economically less vulnerable as it was not prone to the frequent strikes of miners of which the coal sector was. In America, the car was the real driving force of the oil market. It was not only a mean of transport anymore; it was the symbol of a new era and of a new generation:

The consumer, particularly the gasoline consumer in his motorized status symbol, was riding high, wide, and handsome in the 1950s and 1960s in America.¹⁴

¹³ Yergin, D., (1991), p.541

¹⁴ Ibid., p.548

All this obviously led to high competition in the gasoline sector, a competition made of price wars, special offers and advertisement for new “premium” gasoline. But the spread of the car meant not only struggles at the gasoline pump, but also and overall a deep change in the U.S. society and in the urban landscape. The



proliferation of the automobile led to a high suburbanization and suburbanization created the need to have an automobile. The world was now car-oriented: all became “drive-in” in the U.S. society. Every activity was now designed to be carried out riding a car: drive-in restaurants, drive- in cinemas and theatres, and even drive-in churches. Moreover, there was clearly the need for a new net of roads and highways to sustain all these changes.

In Europe oil substituted coal even faster, for two main reasons. The continent faced its first energy crisis – characterized by shortages of coal – in 1947, after the Second World War. The result was a quick shift to Middle East cheap oil, even if the Suez crisis of 1956 made European conscious about the volatility of this source. Moreover, the prolonged and intense use of coal in each sector of the economy had caused high environmental and health problems in Great Britain, because of the so called “Killer Fogs”.

But oil was neither unlimited, nor immune to risks and as all other sources of energy which are felt as indispensable by the great majority of the world population it is highly vulnerable to wars and struggles for its achievement and control. People and governments started to be really conscious of that between the 1950s and the 1960s, with the birth of new entities in the oil market, like the OPEC, and the first important struggles in the Middle East. The years between 1950s and 1970s were a very important and controversial period for international relations in the energy field. Oil was becoming a strategic resource for

the national interests of several countries around the world, included and first of all the United States. In 1953 the prime minister of Iran, Mohammed Mossadeq, decided to nationalize the Anglo-Iranian Oil Company, instigating the reaction of Great Britain, U.S.A. and other countries, which in response began a major boycott of Iranian oil. A coup organized by the Eisenhower administration, the Operation Ajax, deposed the Iranian government and replaced it with the Shah, Reza Palhevi: nationalization was not formally reversed but U.S. and Great Britain took control over Iranian oil indirectly. This failed attempt at nationalization had important global consequences about the sharing of oil profits: the 50-50 share was established by the U.S.-based Aramco when King Abdul Aziz decided to nationalize Saudi oil. In 1960, it was founded in Baghdad one of the organizations that would mostly affect the following events regarding oil security and control, and that would be one of the main protagonists of the two energy crisis of the 1970s: the Organization of the Petroleum Exporting Countries, or OPEC. The five founding members (Iran, Iraq, Kuwait, Saudi Arabia and Venezuela) were reunited, under initiative of the Venezuelan minister Juan Pablo Pérez Alfonso and the Saudi Arabian minister Abdullah al-Tariki, in a new cartel with the aim of creating a strong alliance which could take position against the major foreign oil companies, the so called “Seven Sisters” (Esso, Shell, Mobil, BP, Chevron, Gulf and Texaco) which practiced high pressures and an almost absolute control over the oil production chain through concession agreements in Middle East.



Two other major events of the late 1950s and 1960s contributed to characterize this period as one of crisis from the point of view of international relations: the Suez Crisis and the Six-Day War. The Suez crisis of 1956 alarmed several industrialized countries included the U.S., which began to think about the actual security and availability of Middle

East oil. The Suez Canal, a fundamental arterial way for oil exports, had been under the control of Great Britain for decades when in 1950s Colonel Gamal Abdel Nasser started to think about regaining the control of this area, also asking support to the Soviet Union for weapons supplies. He was conscious of the importance of oil as a political incentive against more developed countries. The British made an agreement about the withdrawal of their troops from the Canal Zone, but the loans initially promised by both Great Britain and U.S.A. to Egypt did not arrive, as the two countries opted for giving these aids to Yugoslavia: Nasser reaction was the expropriation of the Suez Canal. British and French governments solved the situation involving Israel and secretly planning an attack to Egypt that was concluded with a military occupation of the Canal Zone in October 1956. Even if the crisis concluded in a favorable way for Great Britain and France, it put to the test the relation between them and the U.S.A., which did not approve their risky behavior toward Egypt and punished them denying oil supplies.

The tensions between Egypt and Israel continued also in the following years and in 1967 the Third Arab-Israeli War, or the Six-Day War, saw the two countries confronting each other again in a conflict that would constitute the prelude of the first of the two energy crisis of the 1970s. The events which conducted to the war included old tensions between Israel and Egypt about the geographical and political conquests consequent to the Suez crisis, provocations among the two countries and the intervention of Syria and Jordan in the conflict: voices of a possible Israeli attack for the protection of the territories conquered in 1956 were already on the scene. Defeated and humiliated by the events of the late 1950s, the Egyptian leader Nasser was thinking about restoring the asset previous to the Suez crisis: he asked to the United Nations to withdraw from the Sinai peninsula, he deployed his troops on the area and decided the closure of the Tiran streets and of the Aqaba gulf – two fundamental ways also for the transport of oil - to Israeli ships, act that Israel considered a *casus belli*. Israel planned a preventive attack to Egypt and the 5th of June it invaded and conquered the



Figure 11: Source americanforeignpolicy.pbworks.com

territories of Sinai, Jerusalem and Jordan through a bombardment of their aerial bases: the conflict ended only thanks to the mediation of the United Nations, which promoted an armistice among Israel, Egypt and Jordan. The conflict ended quickly and Israel was again the

real winner.

But the most important aspect of this struggle was that for the first time the countries of the Middle East started using the so called “oil weapon”: other Arab countries, such as Saudi Arabia, Iraq, Kuwait, Libya and Algeria decided to enter the conflict on Egypt’s side creating a coalition and imposing an embargo against countries friendly to Israel, such as the U.S.A., Great Britain and Western Germany, in order to put political pressure and end the support these countries were giving to their enemy. The Third Arab-Israeli War constituted a watershed in the controversial relation between international politics and the market of oil: petroleum was no more only an energy source, but a strong economic and political weapon with which Western countries must now confront. On that occasion, the U.S. under President Johnson organized a special Ex-Com and a Foreign Petroleum Supply Committee in order to coordinate and reorganize supplies, importing oil to U.S. and other embargoed countries from non-Arab states. U.S. plan was a success and the embargo, as well as the use of the “oil weapon”, proved a failure and finished in September of the same year. Nevertheless, the tensions in Middle East would characterize the entire following decade: struggles among Israel and Egypt were not ended and these countries had a new powerful weapon, probably the most sharp of ever, to drive the actions of industrialized countries and to put pressures on them to achieve their political goals. Toward the end of The Six-Day War the countries which had promoted the embargo, first of all Egypt, were in such a bad condition that the only

solution to restore their economies was producing and selling petroleum again, thing that first meant ending the oil embargo. The fear of shortages was over for the moment and the events of the late 1960s led to a surplus of oil that would be taken for granted during the following years, wasting an important lesson the U.S. and the other industrialized countries could have treasured:

The outcome of the Six-Day War seemed to confirm how secure the supply of oil was. And Hydrocarbon Man continued to take his petroleum for granted. It defined and motivated his life, but because it was so pervasive, and so readily available, he hardly thought about it. After all, the oil was there, it was endlessly abundant, and it was cheap. It flowed like water. The surplus had lasted for almost twenty years, and the general view was that it would continue indefinitely, a permanent condition.¹⁵

Only in the 1970s, with two energy crises that would put the entire population on their knees and booming oil prices, people and governments would start to comprehend the inner consequences of these changes.

¹⁵ Yergin, D., (1991), p. 558

1.2 The decade of energy crisis: from the early 1970s to the first years of Jimmy Carter presidency

The Six-Day War was over: Israel, supported by U.S. and other Western countries, was the winner of the conflict and the Arab oil embargo against its allies proved a failure. All in the situation in Middle East toward the end of the 1960s seemed to demonstrate that OPEC still had a marginal role in the oil market, or at least a role that could be still controlled easily. But the events of the early 1970s quickly manifested that something was changing and that the international situation was preparing for the major energy shocks of the following years. It was all about supply and demand: the fear of running out of oil was not vanished, demand continued to increase and if U.S. were rapidly consuming their spare capacity, Middle East was not. It was clear that U.S., as well as other importing countries, would need Arab oil even more in order to satisfy domestic demand and this in turn would lead to concerns about concessions, percentages and prices:

The seeds of the idea that an energy “gap” was developing were being sown. Supply would be inadequate to meet demand. Prices would have to rise to choke off demand and stimulate the development of energy supplies, oil and other.¹⁶

The first years of the 1970s were characterized by intense negotiations, as well as profound political changes in countries such as Libya, Algeria and Iraq: while oil companies were planning an expansion in the producing capacity of Middle East oil (“they *had* to have Middle East oil, and in ever-increasing quantities”¹⁷, as stated by Francisco Parra), the Arab countries and the members of OPEC were meeting periodically to discuss about the increase of posted prices and cuts of production. Ideas of nationalizations were also in the air: despite the pressures coming from all over the area, in 1969 Saudi oil minister Ahmed Zaki Yamani opted for participation instead of nationalization of Aramco and the other oil companies working in Saudi Arabia; the following year, Algerian government nationalized the producing interests of the four major companies working on its territory. Several other processes of this

¹⁶ Parra, F., (2004), *Oil Politics, a modern history of petroleum*, I.B. Tauris & Co Ltd, p. 117

¹⁷ *Ibid.*, p. 118

kind would be carried on by Algeria, Iraq and Libya in the years before the first energy crisis. Signals were clearly announcing a deep change, but no one was expecting what would happen during the last months of 1973:

Despite the menacing events in different countries, however, there was nothing to suggest that, at the end of 1969, that within one year, the whole of the existing system would be on the verge of fundamental change, much less that within four years it would have collapsed entirely.¹⁸

Several agreements would be discussed in the very first years of 1970s among Arab countries, the most part of which regarded the increase of posted prices and production cuts. Among the most significant, the Libyan Agreements of 1970 represented more the manifestation of the new power of Arab states toward importing countries than a real attempt at creating tensions in the oil sector: if at the end all the companies agreed to an increase of \$0,30/B. of the posted prices, production cuts were abandoned. With the Tehran and Tripoli Agreements, both signed in 1971, it was clear that the influence of Gulf countries, leaded by Libya, was up to grade: under the menace of possible new nationalizations and embargos, oil companies ended accepting the conditions established with the two agreements. The Tehran Agreement, a five-year agreement signed on the 14th February, contemplated a rise of posted prices of \$0,35/B., an annual increase of \$0,05/B. and a further annual increase of 2,5%. The negotiations for the Tripoli Agreement ended in April with an increase of \$0,90/B. But the early 1970s took also some good news for the United States: the withdrawal of Great Britain from Iran gave them the chance to acquire a new important ally in the Gulf area that would become one of the two “pillars” - together with Saudi Arabia - of the Nixon doctrine.

The Arab resentment toward the U.S. for the conclusion of the Six-Day War of 1967 was still there. Even if Gulf countries were achieving their goals about oil posted prices and nationalizations of U.S. oil companies, U.S. support for Israel remained a reason for frustration and the events of the late 1960s proved a sufficient reason for trying to use the “oil weapon” again in 1973:

¹⁸ Parra, F., (2004), p. 121

In 1973 the intention to use the oil weapon had been publicly announced, above all in order to compel a change in US behavior, judged as excessively tolerant toward Israeli policy.¹⁹

Even the Saudi King Faysal, historic friend and ally of the United States who in the past had avoided mixing oil supplies with political concerns about the Israeli-Arab Wars, was pushing toward the American government with warnings about a possible refusal about the expected expansion of capacity of 20 mlb by Saudi Arabia. The energy crisis of 1973 constituted the culmination of the use of oil as a political weapon against importing countries, with U.S. at the first place. As already said, the political situation that led to the embargo and the production cuts against western countries was that left by the Third Arab-Israeli War: tensions were higher than ever and in September 1973 the members of OPEC announced a conference in Vienna to renegotiate the decisions took in Teheran and Tripoli, but OPEC countries and oil companies were not able to find a final agreement.²⁰ The day chosen by Arab states to begin the hostilities was the 6th of October of 1973, during the Jewish holiday of Yom Kippur. The Fourth Arab-Israeli War, or October War, began with a surprise attack to Israel: both U.S. and Israeli intelligence had received conflicting messages for months and, also because of the celebrations of the Yom Kippur, their forces were unprepared at the moment of the attack. U.S. decided to strengthen their support to Israel, but the international situation was more complex than expected: the October War took place during the so called *détente*, a period characterized by a lessening of the tensions between the two superpower, United States and Soviet Union, in the context of the global Cold War. Open support to Israel could provoke a reaction by other Arab countries, thing that could mean not only major disruptions of oil supplies, but also an increasing presence of the Soviet Union in support of the enemies of Israel, thing that could be risky for U.S. influence over the Gulf area. Despite U.S. intentions to maintain their military aid program to Israel secret, U.S. planes did not arrive in Israel

¹⁹ Basosi, D., (2012) *Finanza e petrolio*, STUDIO LT2 edizioni, p.30: "Nel corso del 1973 l'intenzione di utilizzare l'arma del petrolio era stata annunciata pubblicamente, al fine soprattutto di forzare un mutamento nell'atteggiamento statunitense, giudicato eccessivamente tollerante nei confronti della politica israeliana."

²⁰ Parra, F., (2004), p. 177-179

during the night as planned, but the 14th of October, during the day. From that moment the United States became the major ally of Israel, triggering the reaction of the exporting countries.²¹ As a matter of fact, what hit the United States the most was not the military attack to their ally, but the economic actions linked to oil taken against them by producing countries: OPEC announced an increase of the 300 percent of the oil posted price while the OAPEC, the Organization of the Arab Petroleum Exporting Countries, decided a monthly 5 percent production cut that would be carried on until the complete withdrawal of Israeli forces from the territories occupied in 1967. Later, OAPEC increased production cuts to the 25 percent and at the end Saudi Arabia, quickly followed by the other countries of the coalition, announced a total oil embargo against U.S. and all the other countries which were supporting Israel in the conflict.²²

Israel had already been able to stop Egyptian offensive when the war ended, on the 22nd of October, thanks to the intervention of the UN Security Council. The military conflict was over but the economic measures taken toward importing countries were not and they would affect the economies and societies of industrialized countries for several years to come. The embargo ended only some months ago, in March of 1974, when Israeli forces withdrew from Egyptian territories. If on the one hand the oil embargo proved not very successful for the Arab countries – first, they did not recover the territories lost in the Six-Day War; second, United States and the other embargoed countries were able to compensate the lack of oil through a mechanism similar to that used in 1967²³ - the combination of political and economic measures taken by both the U.S. and the Arab countries contributed to create a real crisis, or energy shock, in importing countries:

What better recipe could there have been for panic prices than the oil supply situation in the memorable final months of 1973? The ingredients included war and violence, cutbacks in supply,

²¹ Yergin, D., (1991), p. 605

²² Basosi, D., (2012), p. 32-33

²³ *Ibid.*, p. 33 - 34

embargoes, shortages, desperate consumers, the specter of further cutbacks, and the possibility that the Arabs would never restore production.²⁴

Consequences were particularly visible in daily life: gasoline prices were rising, consumers waited in line for hours to buy fuel and “Sorry, No Gas” signs were common to find at the pump during those days. It was a completely different scenario from the drive-in America of the ‘50s. Panic for possible shortages spread quickly among both companies and consumers during and after the embargo, with oil and fuel races which contributed to new rises of crude prices. Moreover, the domestic political situation of U.S. was not so bright: Richard Nixon, who had been elected president in 1969, was passing through a series of events which would lead to the Watergate scandal and resignation, in 1974, in favor of Vice-president Gerard Ford. Nevertheless, the energy politics introduced by Nixon and his Secretary of State Henry

Kissinger during the crisis of 1973 cannot be ignored. Project Independence, announced during Nixon’s Presidential address of 7th of November, aimed at making U.S. energy self-sufficient by 1980 through a set of measures based on energy saving – less allocations of fuels and a nationwide speed



limit of 50 mph - and research and investments in alternative sources of energy - first of all nuclear. The project was compared to Project Apollo and Project Manhattan, but the goal set by Nixon administration was clearly too ambitious.²⁵ Moreover, in February 1974, before the end of the Arab embargo, Nixon announced an Energy Conference in Washington in order to create a major coordination and a safety net among consuming countries, according to Kissinger’s speech at the Pilgrim Society in London. During the conference it was decided the establishment in November of the same year of the International Energy Agency (IEA), whose main task was “to develop a working plan for the allocation of oil supplies

²⁴ Yergin, D., (1991), p. 615

²⁵ Parra, F., (2004), pp. 186-187

internationally in the event of the emergency”.²⁶ But for what concerns the strict cooperation proposed by Nixon and Kissinger, the results were not so positive as each consuming country went on signing bilateral agreements with producing countries.

To better understand the role of United States in the oil market is fundamental to talk about what happened immediately before and after the energy crisis of 1973 in the financial field. Due to a continuous deficit in the U.S. balance of payments, a wave of financial deregulation was already undergoing. The peak of this trend was Nixon decision to end the convertibility of the dollar to gold in August of 1971, thing that officially ended the gold exchange standard system born in Bretton Woods in 1944 and that led to a devaluation of the American currency and to a consequent devaluation of dollar reserves of U.S. allies – remembering that the 80% of oil market run on dollars in the early 1970s and the official price of a barrel was expressed in dollars this change was quite significant. The years following the first energy crisis were characterized by intense negotiations for what concerned not only the conflict in Middle East, but also financial mechanisms strictly related to oil supplies. Oil diplomacy was constituted by both multilateral – as the G6 in Rambouillet in 1975 - and bilateral agreements, which in a certain sense were the cause of the failure of the cooperation among consuming countries sponsored by Nixon and Kissinger. For what concerns the U.S.A., the two most important bilateral agreements were US-Soviet 1975 “bushels for barrels” deal and US-Saudi 1974 “petrodollar” deal. The most significant of the two was probably the petrodollar agreement with Saudi Arabia and Iran, agreements which allowed U.S. to reacquire a strong role in the oil market and to reestablish and reinforce good relationships with their allies, but which also gave life to a strong competition with Great Britain on the financial level – the pound covered about one fifth of the worldwide oil trades

²⁶ Parra, F., (2004), pp. 190-191

in 1974.²⁷ These agreements were based on the exclusivity of the dollar over all the other currencies in payment for Saudi and Iranian oil in exchange for U.S. protection, technology, weapons and training. In a second moment, Saudi Arabia and Iran would invest the dollars – or “petro-dollars” - gained from the selling of crude in US Treasury bonds, obligations and in US private banks: this was the so called petro-dollars recycling. In June of 1974 Kissinger and Prince Fahd met and established the Saudi Arabian – United States Joint Commission on Economic Cooperation and in December of the same year the SAMA – the Saudi Arabian Monetary Agency – announced that from that moment the only currency accepted in payment for Saudi oil was the dollar. The petro-dollar recycling agreement between United States and the Saudi ally was finalized: according to U.S. law the procedure was not legal but it was perfect for the secrecy required by Saudi Arabia. U.S. established another Joint Commission on Economic Cooperation with Iran in November of 1974

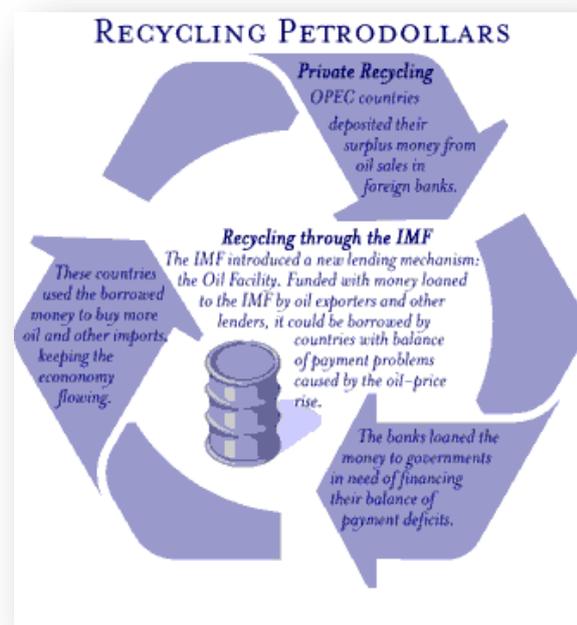


Figure 12. Source: www.imf.org

officially signing a second petro-dollar agreement.²⁸ The petro-dollar recycling agreement clearly presented advantages only for the countries which stipulated it – especially for the U.S., whose currency gained a central role in oil market again – thing that constituted a clear sign of U.S. unilateralist approach and that would become even more a bipartisan attitude through the decades. If the advantages Saudi Arabia and Iran received from this pact were

²⁷ Basosi, D., (2012), pp. 116-124

²⁸ *ibid.*, pp. 124-134

pretty clear – U.S. protection, technology, weapons - those obtained by the U.S. were more financial based and highlighted once again the central role of the dollar in the market:

So long as OPEC oil was priced in U.S. dollars, and so long as OPEC invested the dollars in U.S. government instruments, the U.S. government enjoyed a double loan.²⁹

First, the same dollars printed and used by United States to pay Saudi and Iranian oil would be reinvested in American goods and services. Second, all the other countries which needed dollars in order to buy Saudi and Iranian oil, would need to sell their goods and services to obtain them:

Again, so long as OPEC held the dollars rather than spending them, the United States received a loan. It was, therefore, important to keep OPEC oil priced in dollars at the same time government officials continued to recruit Arab funds.³⁰

The financial position of U.S. resulted clearly strengthened from this agreement, with the consolidation of the dollar standard, the rising of the value of the dollar and the possibility to print money to finance their trade deficits. But, if on the one hand United States were recovering from a difficult geopolitical and financial situation – the war in Vietnam and the dollar crisis had put to the test U.S. hegemony around the world – on the other, the petrodollar recycling agreement was not so welcomed by third countries, which risked to become dependent on U.S. monetary policy – in the case of Europe and Japan – or to contract huge debts with the U.S. government to buy oil - in the case of non-oil-producing Third World countries:

Especially in the short-term, the strengthening (or, better, the recovery on new bases) of the preferential relations between Washington and the two main producer countries, set the conditions for a radical relocation of power relations in the industrialized world in favor of United States.³¹

In the meantime, the diplomatic meetings started with the Washington Energy Conference of 1974 continued with little success. To create more cooperation between consuming and producing countries, the UN General Assembly met in New York in May 1974, with the aim

²⁹ Spiro, D., (1999), *The Hidden Hand of American Hegemony*, Cornell University Press , p. 121

³⁰ Ibid., pp. 121-122

³¹ Basosi, D., (2012), pp. 135-136: “Nel breve termine, soprattutto, il consolidamento (o, meglio, la ripresa su nuove basi) dei rapporti privilegiati di Washington con i due principali Paesi produttori, poneva le condizioni per un radicale spostamento a favore degli Stati Uniti dei rapporti di forza interni al mondo industrializzato.”

of establishing a New International Economic Order and the economic development of Third World Countries. Both producing and consuming countries met in Paris between 1975 and 1977 for the Conference on International Economic Cooperation, but the claims of both parts were too unrealistic to achieve useful results.³²

The dollar had never been a stable currency and when the dollar started to depreciate under Jimmy Carter presidency, OPEC was already evaluating the possible advantages of fixing the price of oil to a basket of currencies instead of a single one. The first option was the SDRs, the Standard Drawing Rights in the IMF. OPEC's investments - especially those of Saudi Arabia that had invested the most in dollars - started to lose their value. This meant that the Saudis were losing the most, but also that they were the most interested country in the OPEC in maintaining the dollar as the only currency for oil. Toward the end of 1978 Saudi Arabia agreed to keep supporting the dollar as the only reserve currency in exchange for participation in the IMF:

The outcome is obvious. Oil is still priced in dollars, and the SDR has never gained much recognition as a replacement for the dollar in international reserves. This is a double representation of American unilateralism during the Carter years.³³

James Earl Carter became president in 1976 and he is the older living former president of U.S.. The political situation of United States was particularly controversial when he arrived at the White House: after Nixon resignation because of the Watergate scandal, Vice-president Gerard Ford took the office to end his mandate. Ford was the only man to become president being elected neither as president nor as vice-president: as a matter of fact, Nixon nominated Ford after his previous vice-president, Spiro Agnew, had resigned because accused of tax evasion. U.S. political world was seen as corrupted and dirty toward the mid-1970s and Jimmy Carter emerged as a particularly credible candidate for the presidency. The energy politics of president Carter will be discussed more in detail in the third chapter of the present dissertation, but it is fundamental to analyze how he managed the relations with

³² Parra, F., (2004), pp. 190-193

³³ Spiro, D., (1999), p. 124

producing countries immediately after his elections and how the politics he designed during the first years of his first and only mandate affected the following events and contributed to lead to the second energy crisis of the 1970s. First of all, Carter renewed the alliance with Saudi Arabia and Iran achieved through the petro-dollar recycling agreements. A politic that, instead of creating the multilateral approach about oil affairs that was in the intentions of Carter administration, contributed to continue that – bipartisan - unilateralism initiated by Nixon and Kissinger in 1974:

Petrodollar recycling took place during both Republican and Democratic administrations. The Carter administration had stated goals of becoming more multilateralist. The outcomes that followed those policies, however, I have argued, continued the trend of American delegitimation.³⁴

Once again the energy shock that burst in 1979 was caused mainly by the difficult political situation of producing countries, but this time OPEC was not the main actor: the energy crisis was more a panic reaction to a series of events which, at an international level, led to a new increase in oil prices and to new fears of shortages. As Francisco Parra stated:

The market was not being driven by OPEC-induced crude prices hikes, but by panic – fear of shortage rather than actual shortage, and fear of what OPEC might soon do to restrict supply (and eventually did do) rather than by what it had already done.³⁵

Some of this events, such as the Iranian revolution and the war between Iran and Iraq, involved political and social troubles in Middle East countries; other, like the Soviet invasion of Afghanistan in 1979, were more strictly related to the context of the Cold War and *détente* between the two superpowers. The Iranian revolution was probably the most significant of these events, because it constituted both the origin of the energy shock and one of the main causes of the end of Jimmy Carter presidency. The long standing “friendship” between the government of the Shah and the government of the United States had begun in 1953, when the CIA organized a coup to dethrone Mossadeq and put Shah Mohammed Reza Pahlavi in his place: in the following decades the two parts finalized their alliance through the concessions about oil and the petro-dollar agreement. Iran became one of U.S. “policemen” in Middle

³⁴ Spiro, D., (1999), p. 116

³⁵ Parra, F., (2004), p. 222

East, “America’s closest and most powerful ally in the region” and “the shah’s regime became the guarantor of the security of [...] the sea-lanes that connected the Arabian peninsula to the Western oil markets”³⁶. Reza Pahlavi was particularly fascinated by U.S. lifestyle and already in 1963 he had started to design huge plans of non-communist modernization for his country through the White Revolution. But the enormous sums of money acquired through oil revenues started to create chaos and discontentment among the population, which did not see positively an “Americanization” of Iran. Moreover, as the Democratic Jimmy Carter arrived at the White House in 1976, Iran’s human rights standards started to become a cause of pressure by U.S. government. All this dissatisfaction was clearly a powerful weapon in the hands of Islamic religious leaders and particularly in those of the Ayatollah Ruhollah Khomeini, the most radical and traditional opponent of the Shah’s regime, who had been exiled in Iraq and then in Paris in the same year 1963. Khomeini, who was strongly against the idea of an Iran modernized according to western society, was a proponent of political Islam and of the establishment of an Islamic Republic under the control of the clergy. Khomeini thought that Iran needed an “Islamic revolutionary movement aiming at the overthrow of the monarchy and the establishment of an Islamic republic based on Sharia – Islamic law – and guided by religious experts”³⁷.

Struggles and demonstration took place throughout 1978, but U.S. intelligence could not imagine an alternative to the Shah in Iran and it was not able to catch the signals of change in the country. Numerous strikes took place in that same year in the country, included oil industry technicians ones, and voices about a serious illness of the Shah, probably a cancer, were spreading quickly: besides his liberalization program, the regime started to collapse. In October Khomeini was expelled from Iraq and took refuge in Paris, where he

³⁶ Westad, O. A., (2007) , *The Global Cold War*, Cambridge University Press p. 289

³⁷ *Ibid.*, p. 291

started to plan his return. Meanwhile, the Iranian oil industry started to suffer for the troubled political situation of the area, thing that meant instability and chaos both in Iran

The impact of the strikes was felt immediately. Iran was the second-largest exporter of oil after Saudi Arabia. [...] By early November, exports had been reduced to less than a million barrels per day [...] Moreover, the stability of Iran itself depended upon oil revenues; they were the basis of the country's entire economy.³⁸

and in the United States:

As events tumbled toward their conclusion, the policy of the United States, Iran's most important ally, was in confusion, disarray, and shock. [...] American policy had been based on the premise that Iran was a reliable ally and would be the Big Pillar in the region.³⁹

In September oil demand started to rise. OPEC countries were already thinking about using the oil weapon again well before the strikes of October and in December they met in Abu Dhabi to plan a new rise of prices of a 10 percent over the whole 1979.⁴⁰ Finally, in January 1979 the Shah left the country and three weeks later the Ayatollah Khomeini returned. The previous month, Iranian oil exports had been completely halted - thing that contributed both to increase crude prices and to deprive the country from domestic supplies – and they would have been restored only in March 1979. The months between December 1978 and March 1979, with the blockade of Iranian crude exports, constituted the real burst of panic and of the consequent energy shock. But while supplies were cut only by a 4 or 5 percent, the increase in crude prices was of a 150 percent. According to Daniel Yergin, panic was the real stimulus for this paradox and for the crisis. And panic was caused by several different circumstances: the growth of consumption; the end of contracts in the oil industry because of the Iranian revolution; the contradictory energy policies of consuming countries; the will of exporter countries to exercise again their pressure through the use of the “oil weapon”. Anxiety and fears of a never-ending crisis and shortages were key factors in creating an atmosphere of panic similar to that of 1973 and the problem was made even worse by the creation of inventories by both oil companies and consumers:

³⁸ Yergin, D., (1991), pp. 678-679

³⁹ Ibid., p. 679

⁴⁰ Parra, F., (2004), pp. 219-220

The rush to build inventories by oil companies, reinforced by consumers, resulted in an additional three million barrels per day of “demand” above actual consumption. When added to the two million barrels per day of net lost supplies, the outcome was a total shortfall of five million barrels per day, which was equivalent to about 10 percent of consumption. In sum, the panic buying to build inventories more than doubled the actual shortage and further fueled the panic. This was the mechanism that drove the price from thirteen to thirty-four dollars a barrel.⁴¹

When Iranian oil exports were reestablished and prices began to fall at the beginning of March, panic was still too high to let demand be cut. United States started to exercise pressure on the other big ally, Saudi Arabia, which finally decided to increase production to 9,5 million barrels per day for the third quarter of 1979. Crude prices started to rise again quickly, fears of shortages were still on the scene and 1973 lines at the gasoline stations reappeared. It was time for consuming countries to design new solutions aimed at saving energy and which would not allow prices to rise again. The IEA members planned a 5 percent oil demand cut and investments in alternative sources of energy, while Carter administration created an Energy Mobilization Board and invested \$140 billion to solve the energy crisis.⁴²

Carter politics in the energy and financial field during the second energy shock had deep consequences not only for the future of his presidential career, but also for the future of several other countries around the world. In the Energy Address to the Nation of the 5th of April, 1979, President Carter portrayed the energy situation of his country: a country strongly dependent on foreign oil - oil coming from the most troubled areas of the world - and on its prices. For the first time Carter talked about the necessity for the United States to invest more in alternative sources of energy and he explained in detail his plan to solve the domestic energy shock that was damaging his country from the beginning of the 1970s:

Federal Government price controls now hold down our own production, and they encourage waste and increasing dependence on foreign oil. Present law requires that these Federal Government controls on oil be removed by September 1981, and the law gives me the authority at the end of next month to carry out this decontrol process.

In order to minimize sudden economic shock, I've decided that phased decontrol of oil prices will begin on June 1 and continue at a fairly uniform rate over the next 28 months. The immediate effect of this action will be to increase production of oil and gas in our own country.

As Government controls end, prices will go up on oil which has already been discovered, and unless we tax the oil companies, they will reap huge and undeserved windfall profits. We must, therefore, impose a windfall profits tax on the oil companies to capture part of this money for the

⁴¹ Yergin, D., (1991), p. 687

⁴² Parra, F., (2004), pp. 232.233

American people. This tax money will go into an energy security fund and will be used to protect low income families from energy price increases, to build a more efficient mass transportation system, and to put American genius to work solving our long-range energy problems.⁴³

The key elements proposed by Jimmy Carter to save his country and his presidency were decontrol on oil prices, taxes on oil companies and a special Presidential task that met several times to find a way to put an end to gas lines: the only method seemed asking Saudi Arabia a new increase of their production. As in the National Energy Plan he proposed in April of 1977, in his speech of 1979 Carter discussed also about measures to decrease US dependence on foreign oil, measures based not only on the production of domestic energy but mainly on saving energy, like reducing oil consumption and the elimination of free parking for Government employees:

In addition to producing more energy, we must conserve more energy. Conservation is our cheapest and cleanest energy source. It helps to control inflation, and every barrel of oil we save is a barrel we don't have to import.⁴⁴

For what regards domestic oil production, the solution that was acquiring the hugest success was a program for the creation of “synthetic fuels”, a program that was as much captivating as risky:

Such a program would, to be sure, cost tens of billions of dollars at a minimum, it would take years to implement, it would raise major environmental issues – and it was not at all certain that it would actually work, at least on the scale proposed. Politically, however, the concept seemed increasingly irresistible.⁴⁵

On the economic level, inflation was probably the most serious problem. Carter put Paul Volcker, who had been part of the Nixon administration, at the head of the Federal Reserve, and the FDR increased short-term interest rates from 10 to 15 percent and then above 20 percent: these levels would be maintained until 1982. If on the one hand inflation dropped below the 4 percent, on the other median family income decreased and unemployment raised to 10 percent, clearly favoring the financial community and, on the political context, preparing the U.S. for the so called Ronald Reagan’s “conservative revolution” and Europe

⁴³ James Earl Carter, Energy Address to the Nation, April 5, 1979

⁴⁴ Ibid.

⁴⁵ Yergin, D., (1991), p. 694

for a turn to the right – with, for example, Margaret Thatcher in Great Britain. But the most serious dilemma on the international level was probably the debt crisis caused by U.S. new financial policies in the Third World. The high interest rates, combined with a new increase in oil prices between 1979 and 1980 and recession in the OECD countries, made debtor countries of the developing world need even more foreign money. But as lenders, driven by panic, stopped lending money, several debtor countries ended to make their economies collapse in order to find the foreign currency to repay them.⁴⁶ The debt crisis hit countries like Mexico and Venezuela - major oil producers which had invested a lot in the oil field but which at the end did not receive the expected returns – but also Brazil, a small producer that had invested a lot in alternatives to oil.

As we can see from the previous part – and as we will see later in Chapter 3 - the energy politics of President Jimmy Carter are fundamental to understand the situation of crisis the United States were living during the 70s. Carter's energy politics were obviously influenced by the events: as already said, he was appointed in a very serious moment for his country, as he not only arrived after a corrupted and disappointing presidency, but also during a hard period made of international conflicts and confrontation with the Soviet Union – the context was that of the Global Cold War – and of difficult economic situation at home. But the politics of Jimmy Carter in the energy sector influenced the following events as well as the energy politics of his successors. The so called Carter doctrine for example - proposed by Jimmy Carter through his State of the Union Address on January 23, 1980, and that will be analyzed more in detail in the third chapter of the dissertation - was first born as a message launched to the Soviet Union about the protection of U.S. vital interests – oil – in the Gulf area, after the Soviet invasion of Afghanistan in 1979, event that clearly contributed to stimulating the panic of shortages in the world, but especially in the United States. It was in July of 1979, in full swing of the second energy crisis, that President Carter decided to retire

⁴⁶ Frieden, J., (2006) *Global Capitalism*, Norton, pp. 372 - 378

in Camp David to study the situation of his country in order to give his population a speech which portrayed the context in the right way and to offer them concrete solutions - Carter "Malaise" Speech will be one of the main points of the analysis of Chapter 3. Several other events contributed to the decline of Carter's presidency, which in 1980 was defeated by the Republican Ronald Reagan. The break out of the First Persian Gulf War, initiated with the invasion of Iran by Iraq the 22nd of September 1980, was a further event that contributed to stimulate the panic of shortages and the continuous increase of oil prices, which peaked the following year to precipitate during the rest of decade and creating an "oil glut". As it will be explained more in detail in the conclusions, the international energy context of the following decades would be strongly affected by U.S. energy politics and national interests. All U.S. Presidents from Reagan to Obama would generally accept and actively practice Carter's vision about U.S. national interests in the Gulf area, enlarging it to other areas of the world rich in energy sources and starting a "diversification" strategy enunciated first by Bill Clinton with regard to the Caspian Sea basin.⁴⁷ This trend continued in particular during the two terms of George W. Bush presidency: the years between 2001 and 2009 were characterized by an even stronger U.S. military presence in the Gulf and in the Caspian Sea basin and by the wars in Afghanistan in 2001 and in Iraq in 2003. These two wars, strongly criticized both at home and by U.S. allies, highly contributed to lead the United States toward the economic crisis initiated in the mid-2000. Moreover, U.S. interests linked to oil and energy led to a financial situation where U.S. debt is highly in the hands of countries such as China, Japan and of oil exporting countries.

From this brief summary of U.S. energy situation from the late 70s until late 2000 it can be deduced that the international and domestic situation in which Barack Obama arrived at the White House was very similar to that found by former President Jimmy Carter in 1976:

⁴⁷ Klare, M. T., "Oil, Iraq, and American Foreign Policy. The continuing salience of the Carter doctrine", *International Journal*, Vol. 62, No. 1, Natural Resources and Conflict (Winter, 2006/2007)

in both periods economic crisis and international struggles were strictly interrelated with oil prices and U.S. energy interests abroad. Moreover, both Obama and Carter were nominated after two controversial and contested Republican presidencies which, in different periods, led to a “crisis of confidence” that made people asking for a deep change in the U.S. political structure and, for what concerns the energy sector, to requests for diminishing U.S. dependence from foreign sources and a major consciousness about U.S. energy future – with for example the birth of environmentalist organizations and increasing investments in clean energy. The next chapter will talk about the energy politics President Barack Obama drawn and realized during his first term at the White House, focusing in particular on the aim of energy independence. Fundamental to this purpose is to analyze first the economic context in which Obama started his mandate - the economic crisis of the mid and late 2000 and oil prices situation – and then the main tool of Obama energy politics: the Blueprint for a Secure Energy Future.

CHAPTER 2.

2008-2012: THE FIRST TERM OF PRESIDENT BARACK HUSSEIN OBAMA

A complete analysis of U.S. energy policy includes a number of other issues strictly related to the economic field. Oil price regulation, demand and supply, allocation of resources, are all elements of oil policy which cannot be ignored because they can affect deeply both the lives of final consumers and the whole economy of a nation and vice versa. As explained in the previous chapter, the economic and financial situation of the 1970s was a very controversial one but it can be drawn a parallel between that period and more recent times: as a matter of fact, in the mid of last decade we entered in one of the worst worldwide economic crisis ever, characterized by recession, high oil prices and unemployment. The issues which policy makers must confront with at the moment of taking decisions about energy and economy are still the same, in part because the energy needs of the United States have not changed a lot – but they have increased - since 1970s. It is fundamental to analyze the particular situation created by the economic crisis of 2008 to better understand the implications and the reasons for the decisions taken by President Barack Obama in the energy field during his first mandate. For this reason, this chapter will start with a description of the U.S. economic context President Barack Obama found when he arrived at the White House and of the economic crisis of the mid- and late-2000; a deeper analysis of the reasons for oil prices instability will follow. In a second moment the study will shift to Obama's energy politics: in particular the investigation will focus on the problem of U.S. energy independence, the Blueprint for a Secure Energy Future of 2011 and a one-year progress report written by his staff in order to understand which were the results the U.S. Administration achieved a year after the release of the Blueprint.

2.1 The economic context: the economic crisis and oil prices instability

The victory of the democratic Barack Obama against the Republican senator John McCain in 2008 constituted a watershed in the history of the United States. The election of Obama at the major political role of the United States of America was rich in symbolic value because it was a testimony of the deep changes this country was passing through, but the economic situation the President met when he arrived at the White House was one of the worst ever. The debate about U.S. economic decline is ancient and during the decades it has been connected with different economic policies; nevertheless, it has always been strictly connected with the problem of the health of U.S. economy as a whole, issue that in turn is connected also with financial concerns such as the global power of the dollar. In this sense, supporters of the anti-declinst thesis stated that the end of the convertibility of the dollar to gold was a defeat just on the symbolic side, as on the practical level no other currency had substituted it in the international monetary system, sign that the United States continued to benefit from the privileges guaranteed by the power of the dollar. After a brief recession at the beginning of the 1990s and the election of the democratic Bill Clinton and also thanks to the new economy and new technologies, the United States entered in the economic boom until the year 2000. But at the same time, the rise of inequality and the increasing indebtedness of families caused by a new consumerism were accompanied by the high deficit in the balance of trade, creating the bases for a new economic crisis. In this picture, the dollar has always been a strong tool in the hands of U.S. policy makers at the moment of solving a crisis:

However, the governments of several countries in the world were aware of the fact that the dollar was not only the currency of “rescues” made by the US government [...]. The dollar was also the currency whose unexpected movements often triggered the financial crisis and that through with Wall Street giants capitalized the revenues obtained from the speculative activities on the currencies of collapsed countries. Finally, it was the currency through which the foreign capital (US or not) bought goods which had been devaluated by the crisis very cheaply.⁴⁸

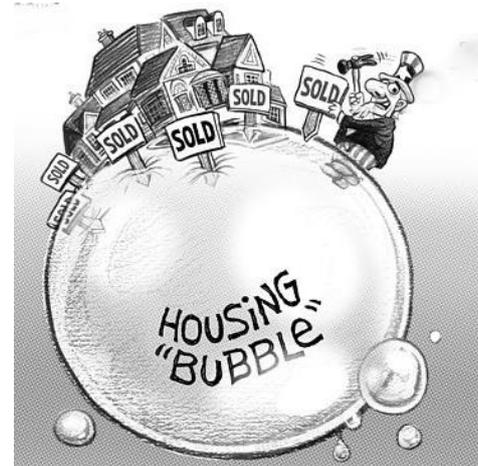
⁴⁸ Basosi, D., (2011), “Ancora sospesa tra dominio e declino. L’economia statunitense all’inizio del XXI secolo”, in Baritono, R., Vezzosi, E., *Oltre il secolo americano? Gli Stati Uniti prima e dopo l’11 settembre*, Carocci Editore, p.192: “Ai governi di buona parte di quello stesso mondo, tuttavia, non sfuggiva in particolare che il dollaro non era solo la valuta dei “salvataggi” operati dal governo statunitense [...]. Il dollaro era pure la valuta i cui improvvisi movimenti spesso scatenavano le crisi finanziarie e quella in cui i giganti di Wall Street capitalizzavano i guadagni ottenuti dalle

For these reasons, the faith other countries had in the dollar was not destined to be strong forever and, as it will be explained later, the role of the dollar in the context of the energy market is a key factor considering the strict relation that has always existed between the dollar and oil.

attività speculative sulle valute dei paesi crollati. Era, infine, la valuta con la quale il capitale estero (statunitense o meno) comprava a poco prezzo i beni svalutati dalla crisi.”

2.1.1 The economic crisis and the housing bubble

The arrival of President Barack Obama at the Oval Office happened in a very delicate and controversial context: a very high economic crisis, the worst since the Great Depression of 1929, was already shaking the world, a crisis that in part originated from the United States. Obama became quickly a symbol, the man who could save



America from the abyss of a new recession. Actually, the current crisis began some years before the arrival of president Obama at the White House: at the beginning of year 2001, more or less a month after the election of George W. Bush, the United States came in the recession. With the wars against Afghanistan and Iraq, U.S. economy started to develop and continued this way until 2007. But what was already undergoing was the creation of a series of financial bubbles, which supported U.S. economy but which were ready to burst. The most famous and significant is probably the housing bubble, created in 2006 by the subprime crisis and the so called credit exposition. Banks started to concede a high number of loans at very low warranties - the sub primes - but when the Federal Reserve raised interest rates from 1,5% to 5,25% in two years in order to restrain speculation, people started to have problems to pay their mortgages, especially sub primes. In 2007 the housing bubble burst, the prices of houses rushed and this provoked a wave of sales and the consequent crisis of several financial institutions.

Some banks collapsed, other were bought by their competitors at very low prices.⁴⁹ The indebtedness of families to pay their mortgages was not the only major problem of U.S. economic crisis: the other one was the continuous external deficit. Several countries – such as China, Russia and Brazil – had started to stock dollars in their official reserves through US Treasury debt securities, actually sustaining U.S. foreign debt. The decision taken by the

⁴⁹ Yergin, D., (2011), *The Quest*, Penguin Books Ltd, London , pp. 161-165

Republican George W. Bush to save banks and other financial institutions was maintained by Obama when he started his first mandate in January of 2009. Even toward the end of 2010, when the recovery of the economy proved to be just something temporary, the new president chose to use the instruments used by his predecessor to restore the economy of his country: tax cuts, monetary expansion and an increasing of the military balance.⁵⁰

In September of 2008 the fourth-largest U.S. investment bank, Lehman Brothers, went bankrupt. The oil market was playing his role too: while oil supplies continued to grow, demand continued to decline. For what concerns oil prices, the physical and financial plans were strictly interrelated during the Great Recession of 2000s:

How much of what happened in the oil market can be ascribed to the fundamentals, to what was happening on the physical market, and how much to financialization and what was happening in the financial markets? In truth, there is no sharp dividing line. Price is shaped by what happens both in the physical and financial markets.⁵¹

⁵⁰ Basosi, D., (2011), pp. 192-199

⁵¹ Yergin, D., (2011), pp. 185-189

2.1.2 Oil prices and volatility: the “game” of oil prices



Discussions about the global economic crisis of 2008 would need a deeper and accurate analysis of its origins and effects, but what is sure is that the continuous rise of oil prices strongly contributed to worsening the crisis. Even if the attention was focused more on the subprime crisis, the relation between the economic crisis of 2008 and crude oil prices was particularly close as the hike of raw materials prices can be considered a key factor of the crisis. As told by Giles Keating, Head of Research for Private Banking and Asset Management of Credit Suisse:

It is not about blaming one of the protagonists, but notice how all the key players were following paths which, taken as a whole, would soon require more oil than the world could produce. The error lied in the inability of coordination. [...]

Be that as it may, the world registered a lack of oil, crude prices skyrocketed, economic growth slowed down, debts became insolvent and the financial crisis blew up, damaging economic growth even more and making insolvent other debts and loans previously sound.

Someone may state that the hike of oil prices was the catalyst which gave a push to the rising financial crisis. I prefer put the sound reality of physical energy before the alchemy of finance and state that the lack of oil was finally and unpredictably revealed to a complaisant world through the financial crisis. This was the mechanism which obliged to contain world oil demand from a too rapid bull tendency.⁵²

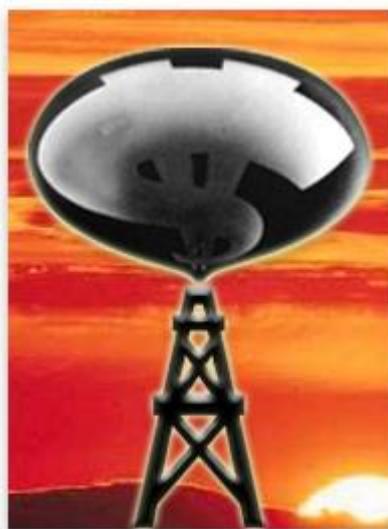
⁵² Keating, G., “E’ stata una crisi finanziaria... o una crisi petrolifera?”, *Business Community*, December 2012: “Non si tratta di incolpare uno dei protagonisti, ma piuttosto di notare come tutti gli attori principali seguivano strade che, prese nel loro insieme, avrebbero presto richiesto più petrolio di quanto il mondo potesse produrne. L’errore fu proprio nell’incapacità di coordinarsi. [...] Come che sia, il mondo registrò una carenza di petrolio, i prezzi petroliferi si impennarono, la crescita rallentò, i debiti precedentemente esigibili divennero tossici, ed esplose la crisi finanziaria, danneggiando ulteriormente la crescita e rendendo tossici altri mutui e prestiti prima solidi. Alcuni potrebbero affermare che l’impennata dei prezzi del petrolio fu l’elemento catalizzatore che diede una spinta alla crisi finanziaria nascente. Io preferisco anteporre la solida realtà dell’energia fisica all’alchimia della finanza, e affermare che la mancanza di petrolio venne finalmente e imprevedibilmente rivelata ad un mondo compiacente attraverso la crisi finanziaria, che fu il meccanismo che obbligò a comprimere la domanda mondiale di petrolio da una tendenza rialzista troppo rapida.”

The consequence was that the doubling of oil prices between June 2007 and June 2008 created a real shock that

interacted with the housing slowdown to tip the economy into a recession. The sudden increase of prices at the pump took purchasing power away from lower-income groups, making it more difficult for many of them to make payments on their subprime mortgages and their other debts.⁵³

From the mid-90s petroleum prices started to be even more unstable and they strongly increased from 2004 until today, reaching a peak on July of 2008 with a price of \$147.27. As in the 1970s, the most visible effect of this instability of oil prices is the resulting increases in the prices of fuels. Several elements contributed to the increase of oil prices started in 2004: the relation between demand and supply, the world geopolitical context, new emerging markets and speculation. It is not easy to determine which exactly the cause was:

The remarkable ascent of oil prices that began in 2004 ignited furious argument as to whether the great surge was the result of supply and demand or of expectations and financial markets. The right answer is all of the above.⁵⁴



All these elements can be summarized in the concept of demand shock, which was exactly what happened in 2004 and caused the rising of prices we are still confronting today. The most important element linked to demand shock is the globalization of demand; as a matter of fact, while in the past the only countries where demand continued to rise were the industrialized ones – U.S.A., Japan, Western Europe – today oil consumption is an important

⁵³ Yergin, D., (2011), p. 184

⁵⁴ *Ibid.*, p.162

part of the economies of countries such as China or India, two of the countries which are part of the BRICs. It was exactly what was happening in China that created the premises for the following surge. Scared by a possible oil glut and a consequent fall of oil prices, in 2004 OPEC countries announced a production cut, but when the Saudi petroleum minister Ali Al-Naimi visited China he understood that what they needed to do was exactly the opposite. Developing countries like China were experiencing economic growth and this meant an increasing need for oil: “Oil demand normally grew at 5 or 6 percent a year in China. In 2004 it was growing at an awesome 16 percent – a rate much more rapid than the overall economy.”⁵⁵ Producing countries needed to be ready for the new global oil demand, but globalization of demand meant also fears of not having enough oil, thing that in turn led to an increase of oil prices. But globalization of demand is not the only element that contributes to the creation of this vicious cycle of oil prices increases: numerous factors need to be considered when analyzing the global situation of oil markets. Things like the allocation of petroleum, the social and political situation of the countries where it is produced, the existence of alternative sources of energy and the entangled economic and financial mechanisms which turn around oil are all elements which cannot be ignored when trying to understand why the prices of this commodity are so volatile.

There are at least three main actors in the oil market: oil companies, States and international organisms. From the mid-1940s to the 1970s the *big international companies* which dominated the global oil market were the so called Seven Sisters – a term coined by head of Italian ENI Enrico Mattei in the 1950s. These seven majors were Exxon, Royal Dutch-Shell, British Petroleum, Gulf Oil, Chevron, Mobil Oil and Texaco.

⁵⁵ Yergin, D., (2011), p.164



These companies were characterized by high levels of diversification, vertical integration and the privatistic management of their activities. According to an article of the *Financial Times*, the major independent oil companies which survived the increasing influence of the OPEC cartel and the birth of new state-owned companies are today ExxonMobil, Chevron, BP and Royal Dutch Shell. Moreover, in 2007 the *Financial Times* used the label “new seven sisters” to identify the most important energy companies outside the OECD, which are Saudi Aramco, Gazprom, CNPC, NIOC, PDVSA, Petrobras and Petronas:

The “new seven sisters”, or the most influential energy companies from countries outside the Organisation for Economic Co-operation and Development, have been identified by the *Financial Times* in consultation with numerous industry executives. They are Saudi Aramco, Russia’s Gazprom, CNPC of China, NIOC of Iran, Venezuela’s PDVSA, Brazil’s Petrobras and Petronas of Malaysia.

Overwhelmingly state-owned, they control almost one-third of the world’s oil and gas production and more than one-third of its total oil and gas reserves. In contrast, the old seven sisters – which shrank to four in the industry consolidation of the 1990s – produce about 10 per cent of the world’s oil and gas and hold just 3 per cent of reserves. Even so, their integrated status – which means they sell not only oil and gas, but also gasoline, diesel and petrochemicals – push their revenues notably higher than those of the newcomers.⁵⁶

Other two important categories are State companies – like the Italian ENI, founded in 1953, which main objective was to assure national interests through competition with the majors - and the companies controlled by producing countries – the first was the National Iranian Oil Company, founded in Iran in 1951 – which role in the crude market has grown even more and from the 80s they are considered the new majors. The role of *States* in the oil market is characterized by the fact that their economic interests are combined with new interests of political kind. In both consuming and producing countries, their aim is that of creating pressure and influencing the choices of companies. The role of *international organisms* is

⁵⁶ Hoyos, C., “The new Seven Sisters: oil and gas giants dwarf western rivals”, *Financial Times*, March 12, 2007

particularly important because they favor cooperation among the countries of a certain group. The most relevant are the European Community and the Organization for the Economic Cooperation and Development, with the International Energy Agency – for consuming countries – and the OPEC – for producing countries.⁵⁷

But the actors of the “game” of oil prices are even more numerous and their relations even more controversial. The two main parts are the *demand side* – consuming and importing countries – and the *supply side* – producing and exporting countries. But there are several other actors, such as speculators, politicians and policy makers, financial institutions and, once again, the dollar.

The important players in the industry have policies on price, which means they can, or think they can, influence it (otherwise there wouldn't be any point in having policy). The market is not characterized by the kind of intense competition where price for one and all is a “given”, set by the forces of supply and demand, and everyone is a “price-taker” who must accept what he finds. That supply and demand do not by themselves determine prices does not of course mean that they are not powerful forces in the industry. On the contrary: the battle with them is what it's all about.⁵⁸

Oil producers are usually countries with unstable political situations, as the OPEC ones, but also some West African and Latin American countries. For these countries, which in some cases are developing countries or countries of the Third World, oil constitutes not only an economic resource but also the main political incentive at their disposal and they need to keep its prices high in order to maintain a certain political influence in the international context. Today these countries are facing at least two major challenges to their monopoly: new producing countries and alternative sources of energy. These two factors could cause a period of lower and more stable oil prices in the future. On the other hand, oil consumers still need to maintain links with these countries: above all, some countries aim more at the control of oil sources than at its simple import, as oil is still considered a key resource, also on the political level. But gaining this type of control is not so easy, as the most part of these countries are

⁵⁷ Clò, A, (2000), *Economia e politica del petrolio*, Editrice Compositori s.r.l., pp. 68-76

⁵⁸ Parra, F. (2004), p. 335

facing civil wars and political instability from several decades, conditions which often are worsened by the same fact that they are rich in energy sources.

Whatever the outcome of this uncertainty – prices staying the same, rising or falling – one thing is now a given: producers need relatively high prices to survive politically.⁵⁹

The members of OPEC, one of the major actors in the oil market since the birth of the cartel in 1960, have always tried to control and fix oil prices according to their economic or political needs, in order to reaffirm their influence in this field:

Since late 1973, price has been set unilaterally, directly or indirectly, by OPEC and its member countries, and has been maintained at levels hugely in excess of anything that would emerge in a truly competitive environment. This has been possible by constraining supply in one way or another – by quotas on current production and by limiting the development of new capacity. But the price “set” by OPEC, or the price-target adopted by it, has not often been reached and sustained for more than a few months at a time during the past thirty years [...]. So prices have risen and fallen, often sharply, usually unpredictably, driven partly by the internal politics of the OPEC cartel and its member countries. Volatility became, and remains, an uncomfortable fact of life in the oil industry.⁶⁰

When in 1983 the New York Mercantile Exchange – or NYMEX, first created toward the middle of the 19th century for other kinds of commodities – started to specialize in energy products, the situation started to change – OPEC was not the only institution in the competition for setting oil prices anymore, but despite this a lack of competition in the oil market remained:

Now the price of oil was set by the interaction of traders at the NYMEX with other traders and hedgers and speculators all over the world. Thus was the beginning of the “paper barrel”. As technology advanced over the years, the price would be set not only daily and hourly, but eventually second-by-second.⁶¹

As stated by Francisco Parra, producing and consuming countries have reached a sort of tacit agreement on crude oil prices during the years. What is sure is that the situation about the setting of prices in the oil market has changed from the early 1970s:

In the early 1970s, OPEC (at first with the tacit blessing of the United States) grabbed the reins and has in effect been managing prices ever since, sometimes well, sometimes very badly indeed. [...]

But a lot has changed. Much of OPEC, with its development of new capacity logging, has become irrelevant to the setting of price. Only a few members of OPEC, in a shifting coalition with a few non-OPEC exporters, have been active in manipulating supply [...]. Realism has crept in, and the world of oil is the better for it: notably, there is no more talk of setting the price at some chimeric

⁵⁹ Oil Prices: Energy Investment, Political Stability in the Exporting Country and OPEC’s Dilemma, EEDP Programme Paper: 2012/03, Paul Stevens (Chatham House) and Matthew Hulbert (European Energy Review), October 2012

⁶⁰ Parra, F., (2004), pp. 336-337

⁶¹ Yergin, D., (2011), p. 169

cost of alternative sources of energy, nor, in the Middle East, of embargoes and the use of the “oil weapon”, and countries are once again opening up exploration and development to the international oil companies. OPEC has set an objective for oil prices, a band of \$22 to \$28, clearly acceptable to the major countries of the OECD, and a mechanism for achieving it.⁶²

Today, “petroleum price fixing is entirely transferred to the free game of market forces, that is the daily confrontation of demand and supply”.⁶³ *Hedgers* and *speculators* are other two fundamental figures involved in first person in the game of oil prices. In the energy field, hedgers are all those people who choose to base their economic activities on energy and oil – airlines, oil producers, heating distributors. On the other hand, the speculator is a fundamental actor for both hedgers and the market itself, because he creates liquidity. He does not actually buy the product, but he sells – or buys - contracts about oil to distributors or producers which want to protect their activities from future increases of prices:

The “speculator” is a “non-commercial player” [...]. The speculator plays a crucial role. If there is no speculator, there is no liquidity, no futures market, no one on the other side of the trade, no way for a hedger [...] to buy some insurance in the form of futures against the vagaries of price and fortune.⁶⁴

Volatility is probably the most peculiar characteristic of oil prices. The world has started to be conscious of this in particular from the beginning of the 1970s and from that moment scholars, economists and policy makers have tried to understand the causes of this volatility and the ways and instruments at their disposal to prevent – or at least to try to manage – these continuous price movements.

These wild swings don’t just affect the “hedgers” (oil producers, airlines, heating oil dealers, etc.) and the “speculators”, the financial players. They show up in the changing prices at the gasoline station. They stir political passions and feed consumers’ suspicions. Volatility also makes it more difficult to plan future energy investments, whether in oil and gas or in renewable and alternative fuels. And it can have a cataclysmic impact on the world economy. [...] This volatility is part of the new age of oil.⁶⁵

⁶² Parra, F., (2004), pp. 338-339

⁶³ Clò, A., (2000), p. 333: “La fissazione dei prezzi del petrolio è oggi interamente demandata al libero gioco delle forze di mercato, ovvero al quotidiano confrontarsi della domanda e dell’offerta”.

⁶⁴ Yergin, D., (2011), p. 170

⁶⁵ Yergin, D., “It’s still the only one”, *Foreign Policy*, 2008, p.90



As we have seen, some of the causes of oil prices volatility are the relation between demand and supply, political issues and speculation. Another fundamental reason is the strict relation between oil and the world of finance, in particular between oil and dollar. The fact that, despite its weakness, the dollar is still the currency on which petroleum is priced is particularly significant. All this emphasis on oil prices and finance demonstrates that oil means no more just fuel, but it “was also becoming a financial instrument, a financial asset”. This process, also called “financialization” of oil - which in turn contributes to make oil prices even more volatile – was strengthened in 2005 by the creation of the electronic barrel with the introduction of electronic trading platforms.⁶⁶ For what concerns the instruments politicians and policy makers have at their disposal to lower the impact of oil prices instability over the whole economy and society, oil price control by the federal government is probably the most significant because of its possible effects on both of them: introduced by Richard Nixon at the beginning of the 1970s, it was eliminated first by Jimmy Carter and then totally ended by Ronald Reagan. When policy makers design new regulatory policies – in any field, not only in the energy one – they need to focus also on the possible consequences of establishing or not a certain measure, consequences which have to do not only with the price of a certain commodity, but also with a series of social and economic issues:

The consequences of any change in a regulatory policy can be classified into two general categories according to the questions such consequences pose for policy makers.

- First, any change in the regulatory environment of the economy typically changes the constraints and opportunities faced both by consumers and producers. The results are alterations in behavior that ultimately affect production costs, market prices, and the allocation of resources among their

⁶⁶ Yergin, D., (2011), pp. 167-173

many alternative uses. These allocative effects of regulation raise important questions of efficiency. [...]

- Second, any allocative impacts of changes in regulation are typically accompanied by changes in the distributions of income and rights to action in the economy. These distributional effects of regulation raise important questions of equity. [...]

These two types of questions are as pertinent to energy policy decisions as they are to any other issue of public policy.⁶⁷

The major consequences of oil prices control are measured in terms of energy efficiency and social equity. In his volume Kenneth J. Arrow explains which are the effects of oil prices control and decontrol on the basis of these two parameters and what he believes is the best compromise. The major cost of oil petroleum price regulation over efficiency - on the supply side - is the fact that it discourages domestic energy production and encourages foreign oil imports. But there is a cost also on the demand side, because the import of foreign oil reduces the value of goods and services sold to the American public. Both these costs are worsened by the increasing U.S. dependence from foreign oil imports. The elimination of oil prices control would solve these inefficiencies but it would have deep consequences over social equity as it would generate distributional problems.⁶⁸ The main consequence of oil prices decontrol is the redistribution of incomes from consumers and refiners to crude oil producers. The debate over the equity of this kind of redistribution is still very burning:

Whether the direction of this redistribution is considered equitable depends on the standards of social justice that the concerned policy maker brings to the analysis. Under some standards, the redistribution implied by decontrol is equitable. From these viewpoints, decontrol is unambiguously a preferred policy alternative – and this conclusion is reinforced by the magnitude of the beneficial effects of decontrol on the efficiency of the nation's economy. From many other viewpoints, however, the redistribution of income implied by decontrol is inequitable. For proponents of these views, the choice between continued regulation and decontrol is not an easy one [...].⁶⁹

Arrow offers some options to solve the problem of U.S. energy efficiency - through the reduction of the use of energy by domestic consumers and the expansion of the output from domestic energy sources until certain values and costs – and he explains why his choice falls on oil prices deregulation in this way:

⁶⁷ Arrow, K.J., Kalt, J.P., (1980), *Petroleum Price Regulation*, American Enterprise Institute for Public Policy Research, Washington D.C., p.1

⁶⁸ *Ibid.*, pp. 26-27

⁶⁹ *Ibid.*, pp. 44-45

If the removal of price controls is accompanied by a windfall-profits tax that offsets the regressiveness of decontrol without destroying the incentives which foster efficiency, decontrol should be supported – even by the policy makers who finds the distributional consequences of decontrol to be inequitable.

Our analysis indicates that, even under standards of social justice that find the prospective transfer of income from consumers to producers highly inequitable, the efficiency gains from decontrol are dominant over the distributional losses.⁷⁰

U.S. public policy in the petroleum industry has often contributed to the rise of crude prices. After the Second World War the domestic demand started to rise and this contributed to spread the fear of a depletion of national resources. U.S. administration started to apply a policy of production control and coordination in order to avoid a waste of national supplies, put into effect through a series of complicated state and federal regulations. The consequences of production control – or *prorating* - were a rise in both costs and prices and a transfer of the capitals of major companies from the United States to Middle East. Also the imposition of quotas on oil imports, launched for example through the oil quotas mandatory program of President Eisenhower in 1959, resulted in a rise of crude prices.⁷¹

The situation of oil prices from 2008 until today, and in particular between 2010 and 2012, has been deeply affected by a series of international political and social events. These events had a strong influence on the new President, Barack Obama, and on the energy measures he launched during the first term of his presidency.

⁷⁰ Arrow, K.J., Kalt, J.P., (1980), pp. 46-47

⁷¹ Cló, A., (2000), pp. 112-114



2.2 The energy politics of Barack Obama first term: energy independence, national security and environmental protection

The roots of many of our great national predicaments trace back to energy. American troops leave their families to fight in the Persian Gulf, not incidentally the region of the world with the greatest known reserves of oil. A falling U.S. dollar faces the risk of oil-importing countries switching their investments from dollars to euros. A United Nations panel of scientists reports the planet is warming, due mainly to the combustion of fossil fuels. [...]

Soaring energy prices in recent years have weakened the overall U.S. economy and could wreck greater economic havoc in the future.⁷²

The election of Barack Obama in 2008 was welcomed with hope and enthusiasm by a great part of the American electorate because the new president represented a sign of change. Statistics and polls made during and after the election, as well as conferences and manifestations, proved that in 2008 Obama gained the vote of several minorities like Afro-Americans, Latino-Americans and women. But the arrival of Obama at the White House was welcomed with open arms also by another “minority” of the American people, a minority that saw in the new president the possibility to change completely the American system: environmentalists. The interest of environmental associations and those of the economy, in particular those of the industrial sector, have always diverged. The rules imposed to industries to respect minimum standards of environmental protection have always limited their activities and consequently their freedom and their economic competitiveness. In the past, the American government has ceased very often to the requests and pressures of the industrial lobbies; other times it had direct interests in favoring their activities. But the governor of Illinois has always demonstrated high sensitivity for topics like environmental respect and ecology and he did not omit to include them as guide lines in his first term energy plan. His predecessor at the White House was George W. Bush, a president remembered by environmental associations for his opposition to the ratification of the Kyoto protocol: a very drastic change with the current president, who during the presidential campaign of 2008

⁷² Hakes, J., (2008) *A Declaration of Energy Independence*, John Wiley & Sons , p. 1

considered reductions of CO₂ emissions and investments in renewable sources of energy as key elements for his politics in the energy sector. In 2008 Barack Obama presented himself at the public as a sort of green president. But the objectives of President Obama concerning the energy field had to do not only with environment, but also with aspects such as the expansion of domestic energy production, the reduction of U.S. reliance on oil and energy efficiency, all concepts which are part of a wider aim: reaching U.S. energy independence. We will analyze later – at the end of this chapter and in the conclusions of the thesis - if all the promises made by president Obama about energy and environment have been respected.

2.2.1 Oil prices situation and US energy independence

Before starting to analyze in detail the energy politics of President Obama, a brief look at what has been the tendency of oil prices in the last two years is needed. The following diagram illustrates the path of prices from 2009 until September 2012.

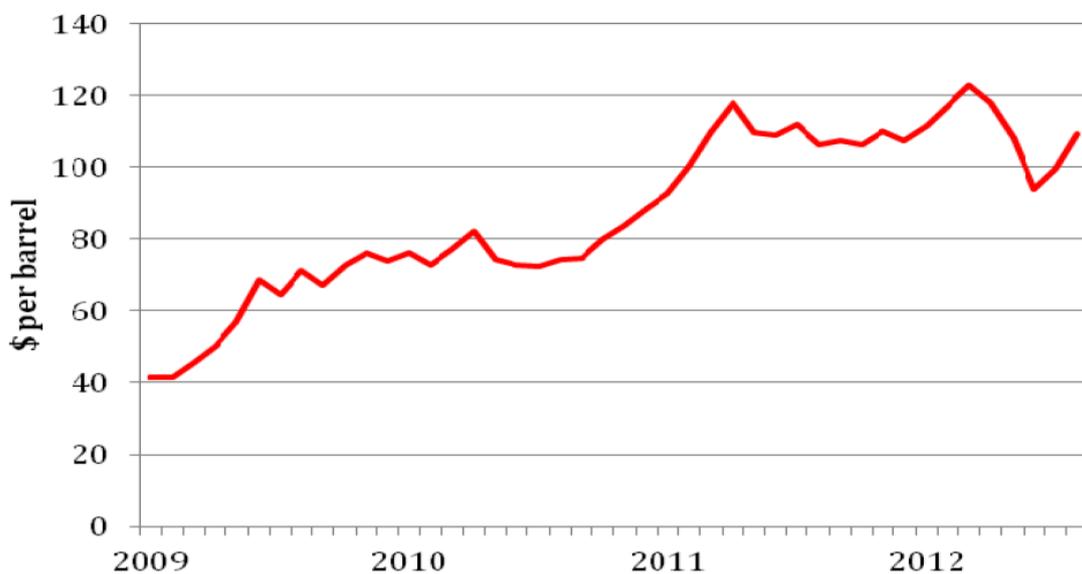


Figure 13. OPEC basket monthly price, 2009 - September 2012. Source: www.opec.org

Despite the strong growth of global demand in 2010, OPEC did not increase its output because of the record levels of inventories. The main fear of OPEC was the probable fall of oil prices in the case this surplus came to market: the decision of OPEC caused a rise of oil prices in the second half of 2010. What happen from the beginning of 2011 in Middle East was even more significant for the trend of crude oil prices of recent years: the Arab Spring - characterized by a series of uprisings in several countries of Middle East and North Africa, starting from Tunisia – deeply contributed to create a new rise in petroleum prices, because of the dread that the other producing countries of the Gulf Cooperation Council could be influenced by these events. In 2011 OPEC started to increase its output, creating a peak in crude prices which then started to decline, but the crisis of the Eurozone and the concerns about the struggles between Israel and Iran because of the nuclear program of the latter

contributed to rise them again. The European embargo against Iranian oil established toward the beginning of 2012 was a new cause for the rise of petroleum prices, as European importers needed to find alternatives. Nevertheless, Iranian oil production did not collapsed and during the second half of 2012 several producing countries, led by Saudi Arabia, started to expand their output. But at the same time data were announcing that oil demand from Asia, which had been the main stimulus for 2010 demand growth, was declining: the possible oversupplying of the market for the rest of the year, caused by the excess supply and a weaker demand, led to a discussion about possible lower oil prices.⁷³ The following diagram illustrates the general situation of world oil market between 2010 and 2012:

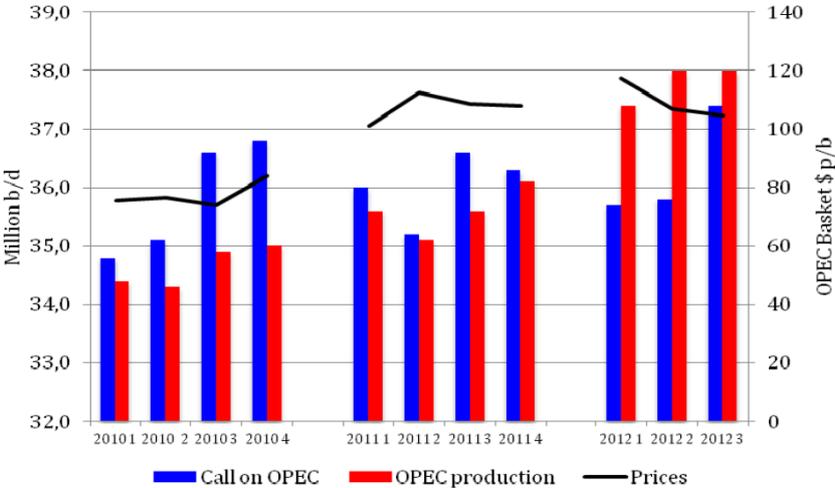


Figure 14. World oil market, 2010-12. Source: IEA

This brief investigation about the situation of oil prices more or less from 2008 and 2012 was given in order to introduce the core topic of this chapter, on which the following analysis of President Obama’s energy politics will be based: U.S. energy independence. As a matter of fact, as we can deduce from the previous lines the trend of prices is still partly dependent on producing countries’ actions, thing that means that several consuming countries – with the United States at the first place – are still strongly dependent on foreign oil imports.

Energy Independence is a powerful verbal icon, originally conceived and defined in the context of the 1973 Arab oil embargo.

⁷³ Oil Prices: Energy Investment, Political Stability in the Exporting Country and OPEC’s Dilemma, EEDP Programme Paper: 2012/03, Paul Stevens (Chatham House) and Matthew Hulbert (European Energy Review), October 2012

The phrase “*Energy Independence*” is a verbal icon embodying an idea that resonates with the character of America – it is a call for return to economic balance and protection from vulnerability created by over-dependence on petroleum to fuel our cars, trucks and airplanes.
From an economic point of view, *Energy Independence* means energy security [...].⁷⁴

From many decades energy independence is considered a vital issue for the United States, because it is synonym with energy security. Securing energy supplies can take two different paths in the case of U.S., which are usually combined: establishing control and military presence over areas rich in energy sources abroad and launching new measures at home.

President Carter pledged the United States to use force to protect the major oil-producing countries bordering the Persian Gulf. The Iran-Iraq war has tested the limits of that pledge, as well as demonstrating the ambiguities, uncertainties, and complications attendant to defining our strategic interests in that region.⁷⁵

The issue about the protection of U.S. energy interests through military presence in producing countries will be discussed more in detail in the next chapter and in the conclusions of this dissertation, which will talk about Jimmy Carter’s politics in the energy field and in particular about Carter doctrine and its globalization. The main objective here is to focus on U.S. energy independence as the key element of President Obama’s energy plan in order to assure national security. U.S. energy independence is not a recent theme of discussion in the energy and political context: as we have seen in the first chapter of this dissertation, concerns about U.S. dependence on foreign oil started to raise at least during the 1970s and policy makers were already studying new measures to lessen it – the name of Nixon’s energy program, “Project Independence”, is probably the emblem of this tendency. First of all we need to define the concept of “national security”, in order to understand in which ways energy independence can contribute to construct it. According to Donald J. Goldstein, national security covers at least three areas:

- preservation of the *territorial integrity* of a country
- maintenance of the *political independence* of a nation

⁷⁴ Journey to Energy Independence, source: www.americanenergyindependence.com

⁷⁵ Goldstein, D.J. (1981), edited by, *Energy and National Security*, National Defense University Press, Washington D.C., p. 1

- ensuring the *physical well-being* of the citizens of the state.⁷⁶

If territorial integrity can be affected by energy questions only in limited measure, the second and the third points can be deeply influenced by the fact that a country is or not energy independent. Political independence of a country that need to import its energy supplies is at risk in so far as producing countries or external actors can try to isolate it disrupting supplies – through, for example, an embargo or damaging arterial ways for energy transport – in order to achieve their political goals. The physical well-being of the people of a nation – interpreted mainly as economic well-being - is clearly the most vulnerable aspect in this sense, because if a society depends on foreign energy it risks constantly to put on threat its own economy - especially in the case of a modern industrialized country such as the United States. But the physical well-being of people does not mean just economic growth, as it can be based also on other parameters such as quality of life, thing that in turn can be based on a series of other standards: environment is what affects the question here. As it will be shown later, the topic of quality of life – connected to the energy field and environmental protection – was first introduced by former President Jimmy Carter in 1979 through a speech that would be renamed the “Malaise speech”. Environment and politics aimed at its preservation were also one of the main focuses of Obama’s Blueprint for a Secure Energy Future, as it was considered a key element to reach not only energy independence, but in particular energy and national security. As a matter of fact, the relation between environment and energy can be really delicate and controversial, especially when one of the element of discussion is the use of high polluting sources of energy like oil: not only oil consumption, but also transportation and drilling - in particular through new technologies - are processes which cause serious damages to the environment. Moreover, the emissions caused by these activities and the continuous dependence of the United States on oil sources – both domestic and foreign ones – can lead to numerous other problems, which can really put at risk the security of the country

⁷⁶Goldstein, D.J. (1981), p. 1

in the future, such as natural disasters caused both by climate change and by human negligence, the issue of peak oil or that of resource wars. The environment is a precious asset for future generations which should be preserved also through energy politics. For this reason the attempt at reaching energy independence in order to protect national security should be seen also as something positive and as a stimulus to plan U.S. strategies in sight of future difficulties:

But, as argued above, energy is much more than an economic issue. And there is considerable value in seeing energy as a *security* issue. In the first place, it should help make framing strategy and organizing support for dealing with energy-induced political difficulties a bit easier, than if energy were viewed simply as an economic problem.⁷⁷

It is in this prospect that energy independence has been included in the energy politics of several U.S. presidents and in those promoted by Obama through the Blueprint: as an instrument to contribute to U.S. national security.

After the Second World War and in particular from the 1970s, the world has seen the United States of America falling into dependence from foreign oil – in particular Middle East one. The costs of U.S. dependence on Middle East oil – and of their military presence in the area – have grown in recent years as they can be measured not only in dollars spent to secure U.S. access to Middle East oil, but also in human lives lost in years of wars. Dependence on foreign oil quickly created a sort of vicious cycle of dependence and rising demand at home, as oil transport needed the building of new roads and railways, thing that in turn stimulated the expansion of activities which involved road transport – such as vacation or daily commuting – and fuel demand. Policies to reduce oil imports – such as Eisenhower quotas – even if successful in the immediate future, quickly proved to be short-term solutions. Analyzing the energy politics of the presidents who have governed the United States since the 1970s and the recent developments about energy technologies, we find that the goal of energy independence is based even more on increasing energy production and financing new technologies for the extraction of oil and natural gas at home or for renewables, and even less

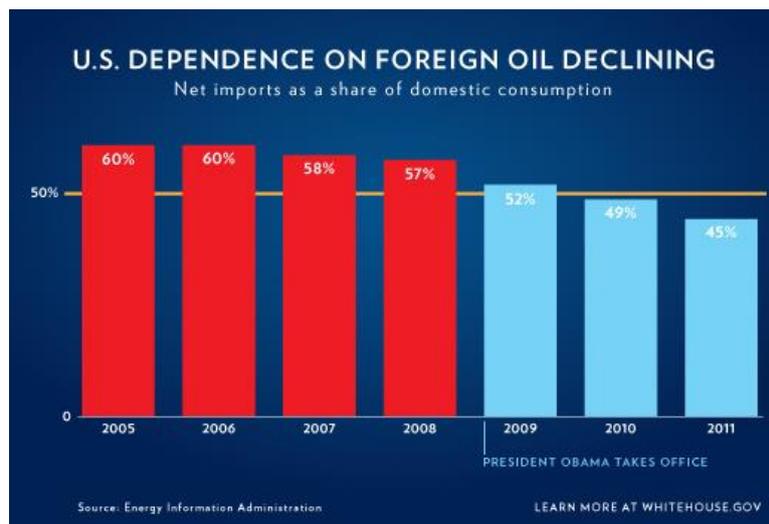
⁷⁷ Goldstein, D. J., (1981), p. 7

on measures to reduce imports. But the debate about U.S. energy independence is well away from being exhausted. Energy experts and scholars have analyzed the situation of United States for years, coming to the conclusion that the country will not be able to significantly reduce its dependence on foreign oil without real measures and a more strong cooperation at the domestic level:

Today the United States depend on oil for about the 41% of total energy supplies, and for the 23% from coal and natural gas, the other two most important resources of the country. Moreover, the DoE US projections indicate that in the next years oil will maintain a dominant role in the US energy bouquet: even if natural gas and renewable energies, such as solar and wind energy, will represent a little wider quote of the total within 2030, it is still believed that oil will remain the main resource of the national energy net, with a quote estimated at the 40% for the contemplated year.⁷⁸

But at the same time, studies and researches carried out by experts and reliable institutions in the last couple of years - often cited by members of the staff of the White House in their reports - enlighten the positive results recently achieved by U.S. energy politics, especially from the arrival of Barack Obama at the Oval Office:

America's dependence on foreign oil has gone down every single year since President Obama took office. In 2010, we imported less than 50 percent of the oil our nation consumed—the first time that's happened in 13 years—and the trend continued in 2011.⁷⁹

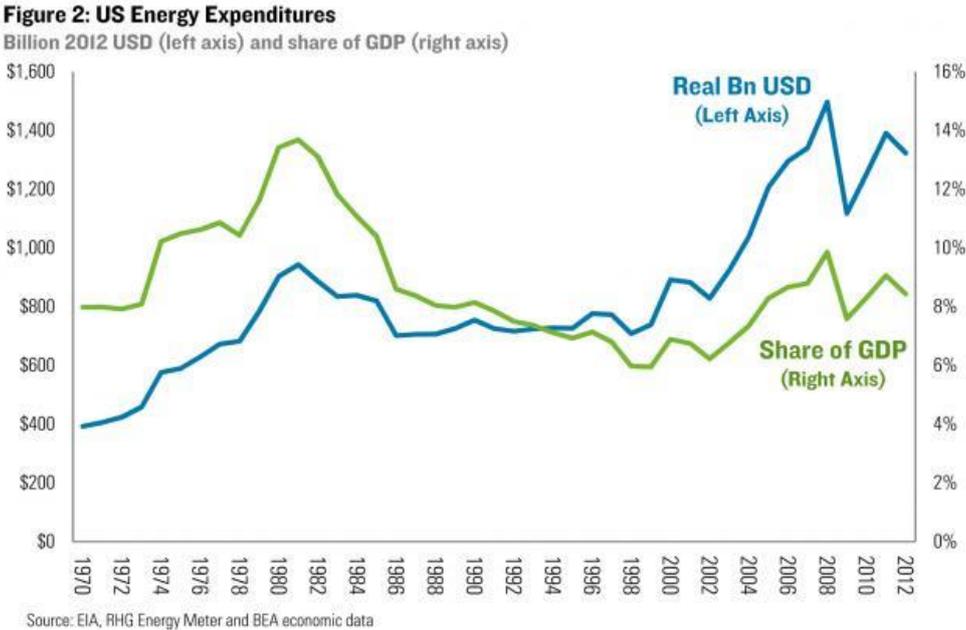


⁷⁸ Klare, M. T., "The Foreign Energy Policy of the United States", translation by Paola Rudan, March 2008: "Attualmente, gli Stati Uniti dipendono dal petrolio all'incirca per il 41% dei rifornimenti totali di energia, e per il 23% dal carbone e dal gas naturale, le altre due più importanti risorse del paese. Le proiezioni del Department of Energy degli Stati Uniti (DoE), inoltre, suggeriscono che, nei prossimi anni, il petrolio manterrà un ruolo dominante nel bouquet energetico statunitense: sebbene il gas naturale e le energie rinnovabili, come quella solare ed eolica, rappresenteranno, entro il 2030, una quota leggermente più ampia del totale, si continua a ritenere che il petrolio rimarrà la risorsa principale della rete energetica nazionale, con una quota che, per l'anno considerato, è stimata al 40%."

⁷⁹ Slack, M., "Our Dependence On Foreign Oil Is Declining", White House, March 2012

More recent studies – most of them have been delivered in the first months of 2013 or in the last of 2012 – continue to emphasize how North America is always closer to energy independence and how the new development in the energy sector are affecting positively U.S. economy as a whole:

American’s dependence on foreign oil has gone down every single year since 2007. In 2010, the U.S. imported less than 50 percent of the oil country consumed – the first time that’s happened in 13 years – and the trend continued in 2011. The country’s energy bill is also starting to fall.⁸⁰



According to a research of the Rhodium Group - and reported by Moran Zhang, economist reporter at the “International Business Times” – U.S. energy costs began to fall last year and

The trade deficit still remains far above historical levels in real terms and as a share of overall energy spending. But the energy trade deficit as a share of GDP has fallen by more than a third since 2008 and is now well below the worst levels experienced in the late 1970s and early 1980s.⁸¹

The extraordinary developments of U.S. energy sector – or “energy renaissance”⁸² - portrayed by experts and journalists announce that the United States of America will soon be able not only to import oil only from Canada and to become again a net oil exporter

U.S. oil and gas production is evolving so rapidly – and demand is dropping so quickly – that in just five years the U.S. could no longer need to buy oil from any source but Canada, according to Citigroup’s global head of commodities research.

⁸⁰ Zhang, M., “US Energy Independence: Tracking America’s Energy Bill”, *International Business Times*, March 2013
⁸¹ Ibid.
⁸² O’ Sullivan, M. L., “Energy Independence Alone Won’t Bust U.S. Power”, *Bloomberg News*, February 15, 2013

Citigroup's Edward Morse, in a new report, projects a dramatic reshaping of the global energy industry, where the U.S., in a matter of years, become an exporter of energy, instead of one of the biggest importers.⁸³

but also to surpass some of the major oil producers and to bring forward the moment they will reach energy independence:

A tremendous increase in the production of shale gas means the U.S. no longer anticipates decades of growing natural gas imports, but has the capacity to meet its own needs for decades and possibly even to export. Increases in oil production in the U.S. and Canada have been equally surprisingly; many analysts, in the words of a Citigroup Inc. report this week, anticipate "North American energy independence" by 2020.⁸⁴

The International Energy Agency forecast last fall that the U.S. will overtake Saudi Arabia and Russia as the top oil producer in 2017. The IEA also forecast that North America could become a net oil exporter by around 2030 and the U.S. could become nearly self-sufficient by 2035.⁸⁵

Another recent report which supports the thesis that the United States are effectively diminishing their reliance on foreign oil is ExxonMobil "The Outlook for Energy: A View to 2040", presented last March by Todd Onderdonk – Senior Energy Advisor of ExxonMobil – during a conference organized by Ca' Foscari University in collaboration with Esso Italiana. In particular the report asserts that North America is producing more crude than twenty years ago, that the United States are now able to export natural gas to both Europe and Asia and that North America will probably become a net exporter of energy by 2025:

Around 2030, the nations of North America will likely transition from a net *importer* to a net *exporter* of oil and oil-based products. The changing energy landscape and the resulting trade opportunities it affords will continue to provide consumers with more choices, more value, more wealth and more good jobs.⁸⁶

Today, North America stands out as a prominent example of the dynamic nature of energy supply and demand over time. The region is capitalizing on advanced technologies to unlock huge oil and gas resources that were previously uneconomic to produce. [...]

Overall, as its oil demand falls and oil and natural gas production rises, North America is also likely to transition to a net energy exporter by 2025.⁸⁷

Despite of all these quick improvements, scholars and experts assert that United States will not be able to be completely independent from Middle East within recent times. Even without consuming Middle East oil, United States will continue to be entangled in

⁸³ Domm, P., "US Is on Fast-Track to Energy Independence: Study", *CNBC*, February 11, 2013

⁸⁴ O' Sullivan, M. L., "Energy Independence Alone Won't Bust U.S. Power", *Bloomberg News*, February 15, 2013

⁸⁵ Domm, P., "US Is on Fast-Track to Energy Independence: Study", *CNBC*, February 11, 2013

⁸⁶ "The Outlook for Energy: A View to 2014", ExxonMobil, March 19, 2013, p. 1

⁸⁷ *Ibid.*, p. 47

affairs concerning other interests such as terrorism, nuclear proliferation and the security of Israel. Moreover, obtaining energy independence would redefine the role of the United States at a worldwide level: becoming a world leader of the energy sector will not bring only advantages and it will need to redesign U.S. strategy in order to really benefit from the new energy security.⁸⁸ Moreover, even the most extraordinary energy developments will prove worthless without an effective bipartisan domestic energy plan. As in other fields of U.S. policy, the ideological thinking of the Right and the Left can contribute to make the creation of a good and innovative energy policy even more difficult: Jay Hakes, former head of the Energy Information Administration at the U.S. Department of Energy, called these mechanisms *ideological blinders*. On the one hand, the Left refuses most source of energy for the risks they pose toward people and the environment and any increases in energy prices. This clearly creates an impossible situation as no energy source seems to be usable without damages and because a world completely free from oil prices fluctuations is mostly unthinkable:

Creating successful energy policies requires that we recognize that energy fuels have external costs and their prices will have to rise. I have devoted considerable attention to describing the energy policies of presidents Ford and Carter because I believe their stories contain an important lesson. Both told the American people energy prices needed to go up. Their candor set the stage for passing major energy packages that restored (for a while) energy independence.⁸⁹

On the other hand, the Right strongly opposes any action that could lead to a rise in energy prices or to a slowdown in the economic growth of the country, thing that makes impossible to approve any measure aimed at protecting the environment or national security interests. The United States need to put apart opposite certainties and ideologies in order to design an energy plan that allows the country to reestablish energy independence and national security:

Ideological thinking can be lethal to good energy policy. We need to transcend the narrow visions of the Right and the Left if we want to declare energy independence.⁹⁰

⁸⁸ O' Sullivan, M. L., "Energy Independence Alone Won't Bust U.S. Power", *Bloomberg News*, February 15, 2013

⁸⁹ Hakes, J., (2008), pp. 136-137

⁹⁰ *Ibid.*, p. 133

2.2.2 *The Blueprint for a Secure Energy Future*

BLUEPRINT FOR A SECURE ENERGY FUTURE



March 30, 2011

“We cannot keep going from shock to trance on the issue of energy security, rushing to propose action when gas prices rise, then hitting the snooze button when they fall again. The United States of America cannot afford to bet our long-term prosperity and security on a resource that will eventually run out. Not anymore. Not when the cost to our economy, our country, and our planet is so high. Not when your generation needs us to get this right. It is time to do what we can to secure our energy future.”⁹¹

National security is a crucial aim included in all policies of United States and energy independence is a key element of this strategy at least from the 1970s. During his first mandate President Obama stood out from his predecessors for many reasons, both symbolical and political ones and in general he has been seen as a symbol of change for the United States of America. This has been particularly true for the energy sector: his program for this area of U.S. policy has enlightened a conscientiousness about the energy issue and all the problems linked to it comparable only with that emerged with President Jimmy Carter. The 30th of March of 2011 president Obama promulgated a document which became a milestone of his energy policy and which illustrated the comprehensive national energy policy of his administration: the Blueprint for a Secure Energy Future. The fact that Obama called for a “Secure Energy Future” and not just an “Independent Energy Future” for the United States enlightens how U.S. energy independence is part of a wider project aimed at assuring the safety and well-being of U.S. people and economy.

⁹¹ President Barack Obama, Blueprint for a Secure Energy Future, The White House, Washington, March 30, 2011 , p. 3



The Blueprint was divided into three main parts which represented the three areas in which the Obama administration decided to focus its attention:

1. Develop and Secure America’s Energy Supplies;
2. Provide Consumers with Choices to Reduce Costs and Save Energy;
3. Innovate Our Way to a Clean Energy Future.

The strategy shaped by the White House staff was based not only on a drastic reduction of oil imports through an increase of domestic oil production – U.S. imported 11 million oil barrels per day when president Obama was elected and in this document he promised a reduction of one third of this quantity by 2025 – but also on the increase of production of natural gas and biofuels, the expansion of cleaner sources of electricity – wind and solar, clean coal and nuclear power – and of fuel efficiency.

Developing and securing America’s energy resources means ensuring “that production is safe, responsible, and efficient”.⁹² According to the Blueprint, the American government is trying to do this guaranteeing that domestic energy production of both oil and gas meet safety and environmental standards, encouraging the exploration and development of new ways for making use of domestic sources, but also a more responsible use of energy resources and contributing to reduce oil demand both at the domestic and the global level.

⁹² Blueprint for a Secure Energy Future, The White House, Washington, March 30, 2011, p.5

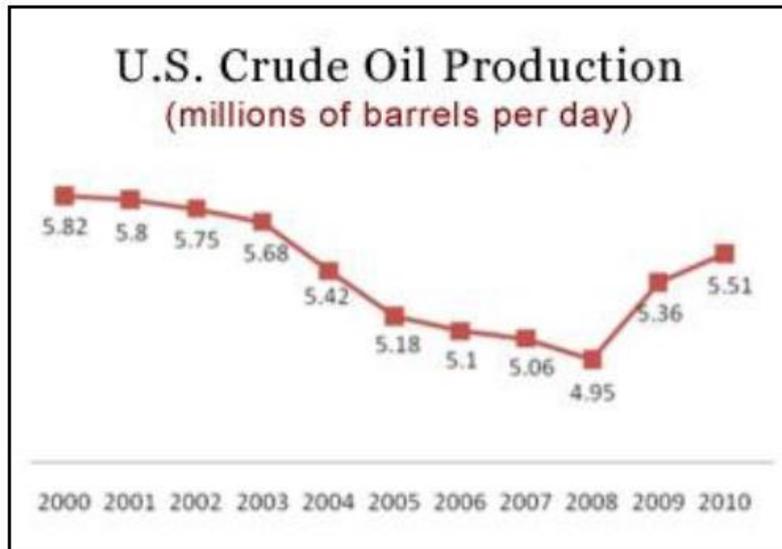


Figure 15. Source: EIA

The second point included in the Blueprint regards the economic and financial aspects connected with energy independence, as it concerns the ways to reduce energy costs – both for consumers and for U.S. economy in general. Increasing energy efficiency is the key element of these actions. Such actions include: investments in advanced vehicles, fuel technologies and public transit, the new fuel economy standards for cars and trucks and tax credits for users of electric vehicles – in order to increase the efficiency in the transportation; investments in energy efficiency in the residential, commercial and industrial sectors. The last point expresses the mission of the U.S. for its energy future: becoming the world leader in the clean energy sector:

A global race is underway to develop and manufacture clean energy technologies, and China and other countries are playing to win. To rise to this challenge, we need to tap into the greatest resource we have: American ingenuity. We have the most dynamic economy in the world, and there is no reason we can't lead the world.⁹³

⁹³ Blueprint for a Secure Energy Future, The White House, Washington, March 30, 2011, p.6

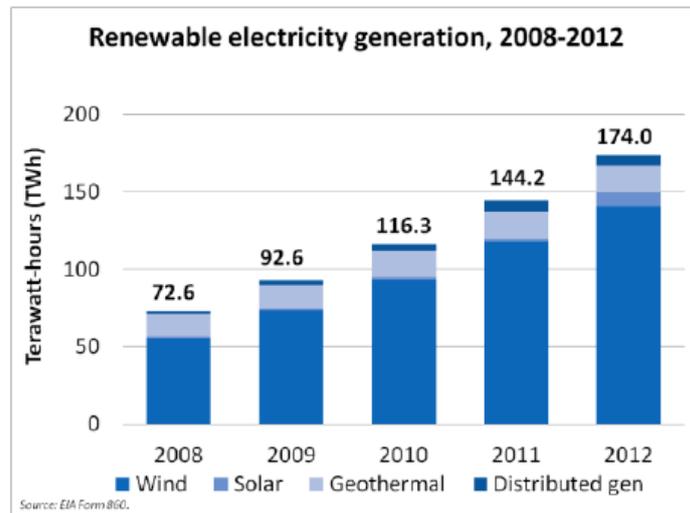


Figure 16. Source: EIA

To become a leader in the clean energy field, the U.S. administration focused on increasing clean energy output - the goal set by President Obama in his State of the Union address was generating the 80 percent of domestic electricity using only clean energy sources by 2035 - through investments in research and development - the Recovery Act of 2009 allowed US administration to invest in several clean energy projects across the whole country – and by encouraging the Federal Government to lead by example.

The Blueprint is a wide and complex document which includes data about the trends of the previous years and the challenges for the following ones, as well as details about economy, technology, research and development. Going a bit more in detail, the following part explains the most significant practical measures established in the Blueprint in order to reach the main goals pursued by Obama’s energy strategy – increasing domestic energy production, expansion of fuel efficiency standards, reducing U.S. dependence on oil, protection of the environment and becoming a world leader of the energy sector.

1. Increasing domestic energy production.

- One of the main action to increase domestic production is the continuous research for the development of areas with great potential for oil and gas production, such as Alaska and Mid- and South Atlantic.
- Increasing domestic production has to do also with “unconventional” practices for the extraction of oil and gas – such as hydraulic fracturing, or fracking – and in particular with the study of its possible consequences.
- Expanding production from renewable sources of energy – through for example the Section 1603 of the Recovery Act – is also part of this strategy. Other programs concerning further development of renewable sources are those for the promotion of renewable electricity in rural areas of the United States, for the construction of solar power plants and the Cape Wind offshore wind project. Investments and development of advanced technologies in the nuclear and clean coal sectors are also included.
- The security, review and modernization of U.S. electric power system and nuclear power fleet are also important in this end.

2. Improving energy efficiency standards.

- The Administration established new fuel efficiency standards and greenhouse gas emissions standards for vehicles built between 2012 and 2016 – the Model Years 2012-2016 standards.
- U.S. Administration is already working on national fuel economy and greenhouse gas emissions standards for vehicles built between 2014 and 2018 and also for model year 2017-2025.
- Investments in energy efficiency are fundamental not only for transports, but also for buildings – in the residential, commercial and industrial sectors. For what concerns the residential, there are programs to launch energy efficiency of homes and businesses – the “BetterBuildings” program – of rural small businesses, farmers and ranchers – the Rural

Energy for America Program - of state and local units of government – the State Energy Program and Energy Efficiency and Conservation Block Grant – and for rebates to purchase more energy efficient appliances.

- In the commercial and industrial sectors, there are programs for improving the efficiency of building systems and of federal buildings and to develop energy efficient technology processes and products. Measures include also new tax incentives and financing opportunities to encourage the business sector to improve efficiency; competitive grants to state and local governments to implement their regulations and performance standards; funds for the Department of Energy's Industrial Technologies Program to develop new technologies for industrial energy productivity; technical and financial assistance to small and medium manufacturers.

3. Reducing U.S. dependence on oil

- The reduction of U.S. dependence on oil includes initiatives for the increase of the number of hybrids in the Federal Fleet, investments in cleaner public transports and the modernization of technologies used in the aviation sector.

- Reducing U.S. dependence on oil involves also further research and development on alternative fuels such as corn ethanol and cellulosic and advanced biofuels.

4. Protection of the environment.

- In April of 2010 the BP oil-plant *Deepwater Horizon* exploded in the Gulf of Mexico, causing immeasurable damages to the environment and the surrounding waters: it was one of the worst natural disasters of the last decades. In order to avoid the repetition of such events, President Barack Obama launched comprehensive and aggressive reforms to offshore oil and gas regulation, establishing standards and certification protocols as well as rigorous performance standards.

- The Natural Gas STAR Program is a voluntary partnership established between EPA – the U.S. Environmental Protection Agency - and oil and natural gas operating companies in order to develop and adopt technologies and practices which improve efficiency and diminish methane emissions.

- The Blueprint also established the Clean Energy Standards – or “CES” – in order to meet the goals about clean energy proposed by President Obama in his January 2011 State of the Union Address. The CES works through a series of clean energy credits and sets annual targets for electricity from clean energy sources.

- The Obama Administration has also decided to eliminate part of fossil fuel subsidies to invest more in clean energy, for example for the research and development about those minerals which are fundamental for the functioning of clean energy technologies.

5. Working at a global level for becoming a world leader of the energy sector.

- As previously said, the United States are working also to reduce energy demand globally. One of the measures included in the Blueprint is the Global Shale Gas Initiative, which is aimed at assisting other countries in the planning of safety and environmental regulations for a good development of this resource.

- The U.S. work at a worldwide level also to reduce methane emissions, in particular through the Global Methane Initiative, a program developed by the EPA with thirty-seven other countries, the European Commission, the Asian Development Bank and the Inter-American Development Bank.

- The U.S. have launched the multilateral Electric Vehicles Initiative and bilateral programs with countries such as China and the European Union in order to spread the development and use of electric vehicles at home and abroad.

- Through the Clean Energy Ministerial the United States are launching initiatives to encourage the transition to clean energy technologies. They are also spreading the concept of

energy efficiency abroad through the President's National Export Initiative and the Renewable Energy and Energy Efficiency Export Initiative. Other initiatives include a strong cooperation between the U.S. and other countries to encourage further development of clean technologies and alternative fuels.

- Increasing investments in R&D, especially for what concerns the clean energy area, is key to reestablish U.S. leadership in the energy sector. The Obama Administration has invested in projects such as the DOE's Advanced Research Project Agency – Energy, or ARPA-E, that supports more than 100 projects about producing energy from wind and biofuels from sunlight or carbon dioxide – and the SunShot initiative, that aims at reducing the costs of solar modules.

- The Obama Administration established that it is a duty of the Federal Government to set a good example about a conscious use of energy, through the target of pollution generating by their activities, using less oil, doubling the number of hybrid vehicles in the Federal Fleet and improving the efficiency of Federal buildings.

We've known about the dangers of our oil dependence for decades. Presidents and politicians of every stripe have promised energy independence, but that promise has so far gone unmet. That has to change. And while there are no quick fixes, we have one critical, renewable resource that the rest of the world cannot match: American ingenuity. To make ourselves more secure and to control our energy future, we will need to harness that ingenuity. This will be no small endeavor, but if we build on the historic progress the Administration has made over the last two years, we won't just spark new jobs, industries and innovations. We will leave this generation and future generations with a country that is stronger, healthier, and more prosperous.⁹⁴

The objectives defined by President Obama with the Blueprint were aimed mainly at increasing domestic energy production – both oil and gas and renewable sources of energy – and at diminishing emissions in the atmosphere. Reading Obama's energy plan it is clear that the several parts involved in the energy sector would have had competitive interests for what regarded the politics contained in the Blueprint and for this reason the reactions to the Blueprint were various. The 11th of April 2011 Amy Harder, energy and environment reporter

⁹⁴Blueprint for a Secure Energy Future, The White House, Washington, March 30, 2011 , p. 44

for the *National Journal*, enlightened how the Republican Party was already trying to obstruct new Obama's politics:

Meanwhile, House Republicans are pushing legislation that expands oil and gas production and reverses several of Obama's policies.⁹⁵

As a matter of fact, achieving support from the opposition and Congress has always been a key point in order to pass legislation, but it has also always been particularly difficult when the issue regards competitive interests - as it happens in the energy field. It was clear from the very beginning that some points of Obama's Blueprint would hardly have gained the consensus of the Congress:

Worse, those parts of the president's plan that need congressional approval—the clean energy standard, more subsidies, extra funding for research on whizz-bang energy technology—will never receive it. The Republicans who control the House are dead-set against anything that smacks of greenery, not to mention anything that would add to spending at a time when they're trying to take an axe to it. They have already ruled out the president's signature energy policy: a cap-and-trade scheme to reduce emissions of greenhouse gases. They are also trying to rein in the Environmental Protection Agency. The best the president can hope to do is hold the line, and preserve the EPA's existing authority.⁹⁶

In a second moment, she launched a question: can Obama's energy plan make America secure? Opinions were very variegated. Negative opinions about Obama's Blueprint were mainly based on the fact that the politics proposed were not so innovative and that his plan was actually "locking" domestic energy production and rising energy costs.

- Nick Loris, a policy analyst at the Heritage Foundation:

In order for Obama to meet his objective to successfully wean America off foreign oil, his plan would actually have to work. Unfortunately, Obama's "new" energy plan – which will supposedly reduce foreign oil imports by 2025 – isn't really anything new at all. While Obama's quick to cavalierly criticize his predecessors' energy policies, Obama's plans are no better, and in most cases, even worse. The reason Obama's plan fails to address our nation's energy needs is because the proposals are flat-out bad policy and his rhetoric doesn't match his administration's actions.

- Thomas J. Pyle, President of the Institute for Energy Research (IER):

If the President had any interest in increasing America's energy security, he would be proposing exactly the opposite of his 'new' energy plan, which is nothing more than recycled policies from the past that have led to increasing imports of foreign, state-owned oil and decreased access to America's vast energy resources.

President Obama's energy plan will undoubtedly cause Americans to depend more heavily on state-owned energy companies in hostile parts of the world. That's because, whether he will admit it or not, his plan continues to keep America's vast energy resources under lock and key. (...)

⁹⁵ Harder, A., "Can Obama's Energy Plan Make America Secure?", *Energy Experts Blog, National Journal*, April 11, 2011

⁹⁶ "Reheated proposals", *The Economist*, March 30, 2011

Having failed to pass his crippling cap-and-trade scheme through Congress, President Obama is now attempting to use EPA as the vehicle for a national energy tax. The proposed regulations of greenhouse gases will either raise the cost of production or make it downright impossible. These new layers of ‘green tape’ simply encourage businesses to bring their factories and offices to other nations where their productive work will not be penalized by a government that is blinded by ideology.

Positive viewpoints came mainly from that part of the energy industry specialized in renewable sources of energy, natural gas, electric energy and environment protection. This faction appreciated in particular Obama’s commitment to invest in environment protection, modern technologies and in a long-term energy strategy.

- Steve Bolze, President and CEO of GE Power & Water:

President Obama’s “Blueprint for a Secure Energy Future” is a good starting point for the coming debate over energy policy. The support for clean energy technology deployment outlined in the plan would advance U.S. energy security and ensure U.S. leadership in energy technology innovation.

The plan also rightly and smartly “widens the technology tent,” going beyond traditional renewable technologies to include highly efficient gas turbines, advanced coal technology with carbon capture and storage, and other advanced energy technology solutions – which enables power providers and regulators to choose the best technologies to meet their local circumstances and minimize the cost to consumers.

- Tom Amontree, Executive Vice President of the America’s Natural Gas Alliance:

President Obama was wise to join the growing chorus of voices across the political spectrum who are recognizing the “enormous” potential natural gas offers both our transportation and power sectors. In recent speeches, the President has rightly highlighted the valuable contribution that North American natural gas vehicles, or NGVs, can make in increasing the energy security of our country, while also providing clean air benefits here at home.

- Marilyn Heiman, director of the Pew Environment Group’s U.S. Arctic Program:

This nation needs a long-term, comprehensive energy plan that incorporates renewable energy and emphasizes conservation along with conventional sources of energy. A policy that meets these requirements is more likely to pass the test of Congress, even in this intense political climate.

But President Obama is absolutely right: There are no quick fixes. Although oil plays a role in the president’s energy plan, the government must ensure proper oversight and planning before drilling, especially in such extreme, remote and fragile areas as the Arctic Ocean off of Alaska’s northern coast.

- Brian Wynne, President of the Electric Drive Transportation Association:

The President’s Energy Blueprint recognizes the benefits of accelerating the deployment of electric drive vehicles in reducing our dependence on foreign oil, reducing emissions and boosting economic growth. With gas prices getting close to record highs, we again are reminded how the cost ripples through the economy, hurting consumers, businesses and contributing to higher trade deficits.⁹⁷

⁹⁷ Answers to Amy Harder article “Can Obama’s Energy Plan Make America Secure?”, *Energy Experts Blog, National Journal*, April 11, 2011

- Mike McAdams, President of the Advanced Biofuels Association:

I am hopeful the energy security blueprint the President unveiled today will keep America on track with his earlier challenge to our nation and to Washington of meeting ‘our generation’s Sputnik moment’.

America stands at a deciding juncture for deploying clean energy alternatives and particularly, the future of all biofuels, just as we were when our cellphones made the technological jump to today’s smart phones.

- Mary Rosenthal, Executive Director of the Algal Biomass Organization:

On behalf of the U.S. algae industry, I want to thank President Obama for his forceful support of domestic biofuels. The President called today for increased production of domestic fuels, something our industry is well positioned to do.

- Brooke Coleman, Executive Director of the Advanced Ethanol Coalition:

Advanced ethanol producers are eager to meet the goals put forward by President Obama. The entire ethanol industry welcomes his commitment to developing a thriving and diverse domestic biofuels industry. We are particularly encouraged by his recognition of the need for partnerships between public and private entities to construct the first advanced ethanol biorefineries. Similarly, we firmly support his calls for a responsible transition and transformation of current biofuel tax policy and investments in ethanol vehicle technology and fueling infrastructure.

- Jason Pyle, CEO of Sapphire Energy:

I applaud President Obama’s continued support for alternative energy solutions. Today, he set an ambitious, but necessary goal to reduce U.S. oil imports by one-third by 2025. As the president and his administration understand, to do this we must have a longer-term energy strategy that includes the use of alternative energy solutions such as biofuels.

Other positive feedbacks arrived from the air transportation sector and members of the military. In particular these viewpoints emphasized the importance of Obama energy strategy for the national security of the United States.

- Nicholas E. Calio, CEO of the Air Transport Association:

We applaud President Obama’s leadership in furthering America’s energy security by directing accelerated production of commercially viable biofuels for use in aircraft. ATA and our members remain firm supporters of a comprehensive national energy policy that increases U.S. energy security, is climate-friendly, and results in more predictable and stable energy supply and costs.

- Ret. Vice Admiral Denny McGinn, former commander of the U.S. Navy’s Third Fleet and a member of the 25x’25 Steering Committee:

America’s energy posture— with its dependence on fossil fuels, including two-thirds of crude oil coming from foreign supplies— poses a serious and urgent threat to our nation. [...] Biofuels and other alternative energy sources will help make our nation more secure—militarily, diplomatically, and economically.⁹⁸

⁹⁸ “President Obama’s Secure Energy Blueprint – industry reaction”, *Biofuels Digest*, March 31, 2011

The Blueprint for a Secure Energy Future is surely the most important document of Barack Obama's politics in the energy field during his first term at the White House, as it can be considered a key instrument to pursue an energy policy based on energy independence, efficiency and protection of the environment. But President Obama has always put energy at the top of his plans and he advocated a deep revision and modernization of U.S. energy sector already from the presidential campaign of 2008. There are some other projects and actions in particular which should be remembered:

- New Energy for America Plan. This plan was designed by Barack Obama and Vice President Joe Biden and presented during the 2008 presidential campaign. The main points were already diminishing U.S. reliance on oil, energy efficiency, investments in renewable energy sources and climate change.

- Executive Order 13514, or Federal Leadership in Environmental, Energy, and Economic Performance. Signed by President Obama on October 5, 2009, it established reduction targets for greenhouse gas emissions, water reductions requirements and other efficiency standards for federal agencies.

- January 2011 State of the Union Address: Winning the Future. This address was particularly significant because President Obama talked about the situation of economic crisis the United States were living, but he also talked about U.S. destiny and innovation. Energy - in particular investments in renewable energy - was a key point of his speech:

We'll invest in biomedical research, information technology, and especially clean energy technology – (applause) -- an investment that will strengthen our security, protect our planet, and create countless new jobs for our people.

Already, we're seeing the promise of renewable energy. Robert and Gary Allen are brothers who run a small Michigan roofing company. After September 11th, they volunteered their best roofers to help repair the Pentagon. But half of their factory went unused, and the recession hit them hard. Today, with the help of a government loan, that empty space is being used to manufacture solar shingles that are being sold all across the country. In Robert's words, "We reinvented ourselves."⁹⁹

⁹⁹ Barack Obama State of the Union Address: 47 - Address Before a Joint Session of the Congress on the State of the Union, January 25, 2011

2.2.3 The Blueprint for a Secure Energy Future: One-Year Progress Report

On the one-year anniversary of your *Blueprint for a Secure Energy Future*, which outlined your goals for American energy, we wanted to present a report on the significant progress we have made. During the last year alone, we established new incentives to increase safe and responsible domestic oil and gas production; proposed the toughest fuel economy standards for cars and trucks in history; provided millions of Americans with efficient and affordable transportation choices; launched new programs to improve energy efficiency in our homes, buildings, public transit, aviation and roadway systems; and took unprecedented steps to make the United States a leader in the clean energy race.¹⁰⁰

Today, the President received a new progress report, showcasing the Administration's historic achievements in each of these areas. The accomplishments in this report, which represent the efforts of six Federal agencies, underscore the Administration's commitment over the past three years to promoting an all-hands-on-deck, all-of-the-above approach to American energy and building a more secure energy future.¹⁰¹

The 12th of March of 2012, more or less a year after the release of the Blueprint, president Obama received the "Blueprint for a Secure Energy Future: Progress Report", a one-year-progress report based on the points previously examined. The report was written by seven members of Barack Obama's staff: Heather Zichal, Deputy Assistant to the President for Energy and Climate Change; Steven Chu, Secretary of the Department of Energy; Ray LaHood, Secretary of the Department of Transportation; Ken Salazar, Secretary of the Department of the Interior; Lisa Jackson, Administrator of the Environmental Protection Agency; Tom Vilsack, Secretary of the Department of Agriculture; and Shaun Donovan, Secretary of the Department of Housing and Urban Development. This document reported the main goals achieved by U.S. administration in the energy sector after one year, according to the proposals made with the 2011 Blueprint. It was divided in five sections, which replicated more or less the structure of the Blueprint. The following part analyzes what U.S. Administration put into practice between March 2011 and March 2012, according to the partition proposed by the Report.

¹⁰⁰ Letter addressed to President Barack H. Obama, enclosed to The Blueprint for a Secure Energy Future: Progress Report, The White House, March 2012

¹⁰¹ Zichal, H., "The Blueprint for a Secure Energy Future: One-Year Progress Report", White House, March 2012

I. Increasing America's Energy Independence.

- In 2011 U.S. reached their highest level of crude oil production since 2003 and the production of natural gas increased by more than 7 percent.
- Oil and gas imports have been cut by 10 percent in 2011 and in 2010 the U.S. imported less than half of all oil consumed.
- For what concerns the development of areas with great potential for oil and gas production, currently the Gulf of Mexico supplies more than a quarter of the nation's oil production; TransCanada planned to build a pipeline to bring crude oil from Oklahoma to the refineries along the Gulf of Mexico; and President Obama issued an Executive Order to establish an interagency Alaska working group.
- New safety measures have been established, some of which have been recommended by the National Commission on the BP *Deepwater Horizon* Oil Spill and Offshore Drilling.

II. Building a 21st Century Transportation Sector.

- In August of 2011, the Administration finalized the first-ever national fuel efficiency and greenhouse gas emission standards – developed by the Department of Transportation and the Environmental Protection Agency - for heavy-duty trucks, vans and buses for model years 2014-2018, and in July President Obama announced a new phase of standards for model years 2011 – 2025.
- For what concerns electric vehicles, the Department of Energy has supported battery and component manufacturing facilities, R&D and other activities connected to this field; since 2009, the Administration has supported 30 new advanced battery and electric vehicle component plants which are opening across the country and in March 2012 President Obama announced that he would make this kind of vehicles as affordable as gasoline-powered ones.
- The goal of breaking ground on four commercial scale cellulosic or advanced bio-refineries set for 2013 was achieved in 2012.

- Under the NextGen program, the Federal Aviation Administration has continued to improve their performance and reduce jet fuel consumption.

III. Powering the Nation's Economy and Enhancing Energy Security.

- In 2011 the United States reclaimed the title as the world's leading investor in clean energy technologies.

- The Department of Interior has approved 29 onshore renewable energy projects, which include the first solar projects ever permitted on public lands.

- In February 2012, the U.S. launched the Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollution – caused for example by methane, black carbon and hydro fluorocarbons – a new global initiative to make rapid progress on climate change and air quality.

IV. Building Stronger, Healthier, More Livable Communities.

- Through the President's Better Building Program Challenge, more than 60 private companies, hospitals, cities, states, colleges, and universities have collectively committed \$2 billion in energy efficiency.

- Through USDA's Rural Energy for America Program and other USDA programs, the Administration has helped about 13,000 rural small businesses, farmers and ranchers to save energy and install renewable energy systems.

- In December of 2011 President Obama included a partnership between public and private sectors in the Better Buildings Program.

- Through EPA's National Clean Diesel Campaign the U.S. Administration has promoted clean energy strategies by working with manufacturers, fleet operators, air quality experts, environmental organizations and state and local officials to reduce diesel emissions.

- There were over 3,000 electric vehicle charging stations in the United States in 2012.

V. Innovation for the Next Generation.

- The cost of solar modules has come down 400 percent between 2008 and 2012.
- Through the Green Button initiative, launched in September 2011, electricity users are now able to download their own energy usage information.
- The ARPA-E announced 60 new innovative research projects in 25 different states in September 2011 and in 2012 it had already supported more than 120 projects – some of them were for the development of intelligent building systems, next generation vehicle batteries and new liquid fuels.

These are only some of the goals the Obama Administration is pursuing in its energy plan: investments in research and development for increasing energy efficiency in the federal and military fields, investments in the nuclear, in renewable sources of energy and for granting new standards of emissions are currently underway and the President's staff will check its progresses periodically. The U.S. Administration is following its purpose of "leading by example".

According to this report, the Obama Administration has done a lot between 2011 and 2012 to review and improve U.S. energy field, launching not only immediate programs but also long-term projects, in order to assure energy independence and clean energy solutions to his country not only in the years of his presidency but also for future generations. But this is not enough and also the members of the White House staff are conscious that there is still a lot of work to do to achieve the goals set:

But even with this progress, there is much more work to do. Right now, we're experiencing yet another painful reminder of why developing new American energy is so critical to our future. Just like last year, gas prices are climbing across the country – except this time, even earlier. We know there are no quick fixes to this challenge. That is why we continue to focus on an all-of-the-above energy approach that builds on the progress we've made over the past three years and makes America more energy secure in the years ahead.¹⁰²

¹⁰² Letter addressed to President Barack H. Obama, enclosed to The Blueprint for a Secure Energy Future: Progress Report, The White House, March 2012

The points of President Obama's energy policy analyzed in this chapter enlighten his commitment to U.S. energy independence, in particular through the increase of domestic energy production, the reduction of U.S. reliance on oil, investments in renewable sources of energy and in the nuclear, and the protection of the environment. The following chapter will analyze the energy politics of President Jimmy Carter, showing that Obama has not been the first president of the United States to promote an energy policy based on these points and, in general, on a more conscious use of energy sources. But it will also demonstrate how other kinds of politics about energy introduced by President Carter, such as the protection of vital interests through U.S. military presence in producing countries, have affected the politics of all his successors, included Barack Obama.

CHAPTER 3.

JIMMY CARTER: U.S. ENERGY INDEPENDENCE, CRISIS OF CONFIDENCE AND NATIONAL SECURITY

James Earl Carter was elected President of the United States of America in November of 1976 and started his mandate in January of 1977. Already governor of Georgia, he appeared as a credible candidate when he announced his candidacy in 1974: after the Nixon-Kissinger tie and the Watergate scandal, Carter was seen as someone not involved in the corrupted politic of the United States.

Nevertheless, Carter is mainly remembered as an unsuccessful and unlucky president and as a symbol of U.S. decline: defeated in 1981 by the Republican Ronald Reagan, he governed his country for only one term. The domestic and international situation the United States were living when Jimmy Carter arrived at the White House was particularly complicated: first of all, his



country was trying to manage a situation of *détente* with the Soviet Union, a situation put at risk every day by continuous confrontations in Third World countries for establishing one's influence in the area. At the domestic level, the country was experiencing a moment of deep economic change: the system born in Bretton Woods in 1944 was ended in 1971 by Richard Nixon; moreover, the United States had just come out from a high energy crisis that was still producing his effects on the economy. A series of events connected to the context of the Global Cold War and to the struggles in Third World countries contributed to lead to President Carter's decline: he was extremely inexperienced as a politician, but for most of the time he could count on the members of his team, first of all on Secretary of State Cyrus Vance and National Security Advisor Zbigniew Brzezinski. Among these events, the Iranian revolution of 1979 and the strong support for the regime of the Shah – which continued also

after his departure from the country and the arrival in Iran of the Ayatollah Khomeini – were those which most shaped the future of Carter presidency. In particular, the power vacuum left by the fall of the Shah constituted a risk for the spread of Soviet influence in Middle East, risk that would be felt even higher toward the end of '79 with the Soviet invasion of Afghanistan:

The fall of the shah's government created major concerns for all U.S. decision makers about a possible increase of Soviet influence in the area. Carter was aware that Iran had long been a region in which Russians competed with the British, and later with the United States, for influence. In November 1979, he and Soviet president Leonid Brezhnev had warned each other about interference in the internal affairs of Iran.¹⁰³

The Shah's regime in Iran and that of Saudi Arabia were considered the two pillars of U.S. strategy in Middle East since the presidency of Richard Nixon. Even after its fall – and in particular with the worsening of the Shah's illness – President Carter continued to believe in this alliance. In October of 1979, Carter – also under pressures of the members of his staff - finally admitted Shah Mohammed Reza Pahlavi in the United States for cancer treatment: this further proof of friendship between the Shah and the U.S. government led to the event that probably most contributed to plummet Carter. Two weeks later the entering of the Shah in the United States, several hundred militant Iranian students occupied the American embassy in Teheran and took hostage the embassy staff: the only attempt to rescue them by military means under President Carter represented a defeat and even if he was able to finally negotiate the return of the hostages, the negotiations were completed only the day after the inauguration of Reagan's election.

Nowadays many scholars of U.S. foreign policy state that if seen under a different light, Carter's choices could have been the right instruments – or at least the right beginning - to put the United States on a new root. First of all, Jimmy Carter can be considered an outsider, as in many areas of his policy – energy and environment, but also human rights and morality – he took decisions and pronounced words which stood out from those of his

¹⁰³ Glad, B., (2009), *An Outsider in the White House: Jimmy Carter, His Advisors and the Making of American Foreign Policy*, Cornell University Press pp. 173-174

predecessors. From the very beginning of his mandate, Carter was determined to make something different for his country and to become the symbol of U.S. change:

Once in Washington, D.C., Carter acted to distinguish his administration from those that preceded it. At the inauguration he wore a two-piece business suit (purchased in Americus, Georgia, for \$175) and walked over a mile down the parade route to the White House.¹⁰⁴

The day of the inauguration that action was criticized for not being presidential enough, but in hindsight it could have been considered as a sign that the new President could really help to put the country on the way of change. The same Brzezinski regarded with esteem President Carter and he remembered him as an outstanding person in his memoirs, even if he also admits that their relationship was not completely free from disagreements. According to Brzezinski's words, President Carter commitment to human rights and his will "to make U.S. foreign policy more humane and moral"¹⁰⁵ never failed during the four years of his presidency.



For what concerns the failure of the President's foreign policy, his National Security Advisor is convinced that what went wrong was not the goodness or the efficacy of that policy, but the attempts of the Carter Administration at educating U.S. people about it:

In my opinion, a more accurate indictment of the Carter Administration foreign policy performance is that we were overly ambitious and that we failed in our efforts to project effectively to the public the degree to which we were motivated by a coherent and well-thought-out viewpoint. Although the President had made a point of stressing the need to keep the U.S.

¹⁰⁴ Glad, B., (2009), p. 7

¹⁰⁵ Brzezinski, Z., (1983) *Power and Principle. Memoirs of the National Security Adviser, 1977 – 1981*, Farrar Straus Giroux, New York, pp. 48-49

public involved in foreign policy making, we failed in our duty to educate the people about what we were doing and where we were heading.¹⁰⁶

In order to better understand the creation and development of Jimmy Carter's energy politics is fundamental to make clear what was not only the political and economic context of those years, but also the social and moral one. To do this it can be useful to briefly analyze some passages of the Address at Commencement Exercises President Carter gave the 22nd of May of 1977 at University of Notre Dame. Carter was conscious since the very beginning that his country was passing through a crisis of confidence created not only by the economic or political events of the previous years, but also by the moral implications of these events and that the United States needed to be put on a new way:

This approach failed, with Vietnam the best example of its intellectual and moral poverty. But through failure we have now found our way back to our own principles and values, and we have regained our lost confidence. [...] The Vietnamese war produced a profound moral crisis, sapping worldwide faith in our own policy and our system of life, a crisis of confidence made even more grave by the covert pessimism of some of our leaders.¹⁰⁷

The concept of "crisis of confidence" is fundamental because it perfectly portrays the situation the United States were living since the early 1970s both at the domestic and international level and that Jimmy Carter would confront with all along his presidency – this concept would be used again by the media two years later to name the speech the President would give after his retirement in Camp David - the "Crisis of Confidence Speech" or "Malaise Speech". Very important is also the fact that Carter understood the role of the American people in solving this crisis, because the crisis affected first of all the daily lives of his people – and for this reason energy would be, together with human rights, one of the main points of his domestic and foreign policy:

And we are confident of the good sense of American people, and so we let them share in the process of making foreign policy decisions. We can thus speak with the voices of 215 million, and not just of an isolated handful.¹⁰⁸

¹⁰⁶ Brzezinski, Z., (1983), p. 57

¹⁰⁷ James Earl Carter, University of Notre Dame – Address at Commencement Exercises at the University, May 22, 1977

¹⁰⁸ Ibid.

Carter created a strongly exceptionalist policy, focused on the need for the United States to regain his morality, lost during the events of the previous years. But that of Carter would also be a policy based on “morality without power” which strongly contributed to the failure of his policies.¹⁰⁹ What was clear since the very beginning for Carter and his staff was that to manage the crisis the United States were passing through, their policy could not omit an issue so much related to the national security and wellbeing of their country as energy security.

¹⁰⁹ Del Pero, M., (2011), *Libertà e impero. Gli Stati Uniti e il mondo 1776-2011*, Editori Laterza, pp. 367-369

3.1 President Jimmy Carter toward U.S. energy independence

From the very beginning, President Carter energy politics showed a deep commitment to energy security. As already said, energy independence is a goal that every American president since at least the early 1970s has tried to achieve. Analyzing the National Energy Program proposed by Carter in April of 1977 we can find several elements in common with the Blueprint for a Secure Energy Future of Barack Obama. As a matter of fact, the policy designed by President Carter in 1977 was based on a series of objectives which clearly aimed at diminishing U.S. reliance on foreign sources of energy and at protecting the environment: saving energy and conservation, reducing oil demand and building reserves, developing renewable sources of energy – politics which mainly regarded the transportation sector but also civilian buildings, the industrial sector and the contribution of Federal Agencies and of State and Local Governments.¹¹⁰ The problem of the increasing demand for oil and of the continuing dependence of the United States on oil imports was, already in 1977, the most serious one according to President Carter:

The heart of our energy problem is that we have too much demand for fuel that keeps going up too quickly, while production goes down. And our primary means of solving this problem is to reduce waste and inefficiency.

Oil and natural gas make up about 75 percent of our consumption in this country, but they only comprise about 7 percent in our reserves. Our demand for oil has been rising by more than 5 percent each year, but domestic oil supplies have been dropping more than 6 percent.

Therefore, our imports have risen sharply, making us more and more vulnerable if supplies are interrupted. But early in the 1980's, even foreign oil will become increasingly scarce. If it were possible for world demand to continue rising during the next few years at the rate of 5 percent a year, we could use up all the proven reserves in the entire world by the end of the next decade.

Our trade deficits are growing. We imported more than \$35 billion worth of oil last year, and we will spend much more than that this year. The time has come to draw the line.¹¹¹

As previously said, the goals he proposed to the Congress were based mainly on conservation, production of domestic energy, conversion, development and equity:

Two nights ago, I spoke to the American people about the principles behind our plan and our specific goals for 1985:

- to reduce the annual growth rate in energy consumption by more than 2 percent;
- to reduce gasoline consumption by 10 percent;

¹¹⁰ National Energy Program Fact Sheet on the President's Program, April 20, 1977

¹¹¹ James Earl Carter, NATIONAL ENERGY PLAN - Address Delivered Before a Joint Session of the Congress, April 20, 1977

--to cut imports of foreign oil to less than 6 million barrels a day, less than half the amount that we will be importing if we do not conserve;
--to establish a strategic petroleum reserve supply of at least a billion barrels, which will meet our needs for about 10 months;
--to increase our coal production by more than two-thirds, to over a billion tons a year;
--to insulate 90 percent of American homes and all new buildings; and
--to use solar energy in more than 2 1/2 million American homes.
Now, I hope that the Congress will adopt these goals by joint resolution as a demonstration of our mutual commitment to achieve them.¹¹²

Making the country emerge from the energy crisis was one of the main goals of his policy since the very beginning of Carter's presidency. He thought that this crisis was so damaging the economy and society as well as the confidence of his country that he considered it "the moral equivalent of war":

Two nights ago, I said that this difficult effort which I have outlined would be the moral equivalent of war. If successful, this effort will protect our jobs, it will protect our environment, it will protect our national independence, it will protect our standard of living, it will also protect our future.¹¹³

The concern about U.S. energy future and security, reliance on foreign oil and the commitment to energy independence would continue to be part of Carter's energy politics for the years ahead:

Our Nation's energy problem is very serious—and it's getting worse. We're wasting too much energy, we're buying far too much oil from foreign countries, and we are not producing enough oil, gas, or coal in the United States.¹¹⁴

In his April 1979 Energy Address to the Nation Jimmy Carter raised also the problem of oil prices and in particular of prices control by the Federal Government, process that contributed to limit domestic production and to increase energy inefficiency: Carter established a process of phased prices decontrol starting from the 1st of June of that year and other politics - such as windfall profits taxes for oil companies – in order to compensate the increases in oil prices that decontrol would generate. Once again, Carter stressed the importance of the contribution of the population to give action to his energy plan and he emphasized conservation, domestic production, environmental protection and a conscious use of U.S. technology to reach energy independence:

¹¹² James Earl Carter, NATIONAL ENERGY PLAN - Address Delivered Before a Joint Session of the Congress, April 20, 1977

¹¹³ Ibid.

¹¹⁴ Jimmy Carter, Energy Address to the Nation, April 5, 1979

So far, I have spoken about producing more energy and conserving more energy. Now, in the next few minutes, I would like to talk about the third and the most promising part of our 'battle for energy security—shifting to more abundant sources of energy by the development and the use of American technology.¹¹⁵



¹¹⁵ Jimmy Carter, Energy Address to the Nation, April 5, 1979

3.2 The crisis of confidence of the 1970s: Carter “Malaise Speech”

According to President Carter, solving the moral and energy crisis the United States were living was fundamental for his country to start a new way toward a new self-consciousness and a new world leadership. Carter felt the crisis as a serious problem since the very beginning of his presidency, but in 1979 the American Administration understood that the situation was really going out of control. In the year called by Mario Del Pero the *annus horribilis*, a series of events and difficulties – the Iranian Revolution, the continuing confrontation with the Soviet Union – added to the hard domestic political and economic situation, characterized by the explosion of a new energy crisis, inflation and unemployment and symbolized by the return of gas lines.¹¹⁶ The problem of gas lines was particularly serious not only because it was a practice that made people waste more gas than that purchased, but also because it was a further element that contributed to create a climate characterized by panic and irritability among the American people.¹¹⁷ This situation was exactly what the medias would refer to as the chronic *malaise* that was pervading the United States since the beginning of the 1970s and that was getting even worst during the summer of 1979. The members of his staff started to press the President about the urgent need of giving the nation a speech about the new big energy crisis:

Before he had boarded a helicopter to Camp David on July 3, key members of his staff (...) bounded Carter to make a speech about the energy crisis, about those long gas station lines exploding with anger. This group, most often called the “Georgia mafia” because they had followed Carter from the governor’s mansion of Georgia to the White House, applied pressure. (...) The member of the mafia that Carter trusted most, Ham Jordan (...) saw repeated images of gas lines tinged with violence and heard interviews with angry citizens: “What in the hell is Carter doing in Japan and Korea when all the problems are here at home?”¹¹⁸

A speech about energy was scheduled for the 4th of July of 1979 and Jimmy Carter spent the previous days discussing with the members of his staff about gas lines and oil prices. But after those meetings the President was not sure about what to say to his country and in particular

¹¹⁶ Del Pero, M., (2011), pp. 374-375

¹¹⁷ Mattson, K., (2010) “*What The Heck Are You Up To, Mr. President?*” *Jimmy Carter, America’s “Malaise”, and the speech that should have changed the country*, Bloomsbury, New York , pp. 109-111

¹¹⁸ *Ibid.*, p. 3

about what his country wanted to hear, because he did not really know his country's needs. President Carter cancelled vacations, all his meetings and the speech of the 4th of July and left the White House for Camp David, where he stayed for ten days talking with philosophers, workers, intellectuals but also common people, trying to understand not only the political or economic situation of his country, but also the ideological one. At the beginning those ten days raised numerous preoccupations among both his staff and the population, but at the end they were considered a sort of break of the President from the political life “to search his soul – and the nation's soul”¹¹⁹, after which he finally went on television, the 15th of July, and gave his speech to the nation. The speech of the 15th of July had a really positive impact at the beginning: it was considered by the media as one of the best addresses ever pronounced by a chief executive, a speech destined to remain in the history of the United States.



Nowadays, it is not remembered as a message of faith or hope or as a starting point to end the crisis, but more as a representation of this crisis situation and as a symbol of the decline of the United States. A negative and pessimistic meaning was quickly attributed to this speech that was renamed by the media the “Malaise” Speech – even if Carter never actually used the word *malaise*. The Malaise Speech simply became the representation of what was making America – and Carter presidential career - plummet:

As the speech's moment approached, the times turn truly insane. Angry about rising costs of diesel fuel and limited supplies, truckers prompted riots in America's suburbs, translating angry populism

¹¹⁹Mattson, K., (2010) , p. 6

into abject violence. Gas lines erupted with fights and guttural rage. Below the face of a society supposedly composed of narcissistic, self-absorbed individuals dancing away their worries in discos across the country there lingered angrier elements that could erupt and tear the nation apart. It was a time when a president felt pressed to scrutinize the nation's value system and history to explain why the country seemed to come apart so easily, but also why it might have resources that could chart a better direction.¹²⁰

What President Carter was actually trying to do was realistically describe the country's situation to the American people, in order to make them conscious about the sacrifices and the changes they will need to do in their short- and long-term future if they wanted to improve the chances of their country. Carter told the U.S. people that the crisis of confidence of the United States was something deeper than the simple energy crisis, because it was something that affected the democracy and the self-consciousness of his nation:

So, I want to speak you first tonight about a subject even more serious than energy or inflation. I want to talk to you right now about a fundamental threat to American democracy. [...] The threat is nearly invisible in ordinary ways. It is a crisis of confidence. It is a crisis that strikes at the very heart and soul and spirit of our nation will. We can see this crisis in the growing doubt about the meaning of our own lives and in the loss of a unity of purpose for our Nation. The erosion of our confidence in the future is threatening to destroy the social and the political fabric of America.

First of all, we must face the truth, and then we can change our course. We simply must have faith in each other, faith in our ability to govern ourselves, and faith in the future of this Nation. Restoring that faith and that confidence to America is now the most important task we face. It is a true challenge of this generation of Americans.¹²¹

Even if strongly exceptionalist, Carter's speech was also deeply realistic. The description he gave of America's crisis was a starting point for a message of hope and sacrifice: as a matter of fact, Carter had always taken into account people's opinions and he had counted a lot on the American population for achieving the goals of his politics, in particular for what concerned the energy sector. This is proved both by the fact that before the release of the speech he discussed also with common people – and he reported their opinions at the beginning of the speech - and also by the same words used by the President in July of 1979:

Why have we not been able to get together as a nation to resolve our serious energy problem? It's clear that the true problems of our Nation are much deeper than gasoline lines or energy shortages, deeper even than inflation or recession. And I realize more than ever that as President I need your help. So, I decided to reach out and listen to the voices of America.

¹²⁰ Mattson, K., (2010), p. 11

¹²¹ James Earl Carter, Address to the Nation on Energy and National Goals: "The Malaise Speech", July 15, 1979

I will continue to travel this country, to hear the people of America. You can help me to develop a national agenda for the 1980's. I will listen and I will act. We will act together. [...]
I have seen the strength of America in the inexhaustible resources of our people. In the days to come, let us renew that strength in the struggle for an energy secure nation.
In closing, let me say this: I will do my best, but I will not do it alone. Let your voice be heard.¹²²

Reading some of the testimonies collected by President Carter during his stay at Camp David, it can be seen that he was not the only one to feel the gravity of the situation and most of all to perceive the energy crisis as part of a wider crisis of the American democracy:

“Some people have wasted energy, but others haven't anything to waste.”
“Mr. President, we are confronted with a moral and a spiritual crisis.”

Several of them were also conscious of the high consequences of U.S. dependence on foreign oil on their economy and security and of the fact that the United States imported more energy than they produced. The fact that also common people were aware of the gravity of this situation highlights even more the importance that a topic as U.S. energy independence has gained during the last decades:

“We can't go on consuming 40 percent more energy than we produce. When we import oil we are also importing inflation plus unemployment.”
“We've got use what we have. The Middle East has only 5 percent of the world's energy, but the United States have 24 percent.”
“Our neck is stretched over the fence and OPEC has a knife.”
“The real issue is freedom. We must deal with the energy problem on a war footing.”¹²³

The “crisis of confidence” cited by Jimmy Carter in this speech was not delivered just by the energy crisis or more in general by the economic problems of his country. There is also a cultural element which should be considered here: America's vacuousness.¹²⁴ He denounces the situation of apathy of the United States and of his people and the culture of consumerism, but he critic in particular the selfishness and the ineptitude of the political class:

In a nation that was proud of hard work, strong families, close-knit communities, and our faith in God, too many of us now tend to worship self-indulgence and consumption. Human identity is no longer defined by what one does, but by what one owns.

During the past 3 years I've spoken to you on many occasions about national concerns, the energy crisis, reorganizing the Government, our Nation's economy, and issues of war and especially peace. But over those years the subjects of the speeches, the talks, and the press conferences have become increasingly narrow, focused more and more on what the isolated world of Washington

¹²² James Earl Carter, Address to the Nation on Energy and National Goals: "The Malaise Speech", July 15, 1979

¹²³ U.S. people opinions about the energy crisis quoted by Jimmy Carter in his Address to the Nation on Energy and National Goals, July 15, 1979

¹²⁴ Mattson, K., (2010), p. 10

thinks is important. Gradually, you've heard more and more about what the Government thinks or what the Government should be doing and less and less about our Nation's hopes, our dreams, and our vision of the future.

What you see too often in Washington and elsewhere around the country is a system of government that seems incapable of action. You see a Congress twisted and pulled in every direction by hundreds of well-financed and powerful special interests.¹²⁵

In the second part of his speech Jimmy Carter lists the main goals of his energy policy. Once again, it can be seen how energy independence is an essential element for a foreign policy which aims at U.S. national security.

Energy will be the immediate test of our ability to unite this Nation, and it can also be the standard around which we rally. On the battlefield of energy we can win for our Nation a new confidence, and we can seize control again of our common destiny.

In little more than two decades we've gone from a position of energy independence to one in which almost half the oil we use comes from foreign countries, at prices that are going through the roof. Our excessive dependence on OPEC has already taken a tremendous toll on our economy and our people. This is the direct cause of the long lines which have made millions of you spend aggravating hours waiting for gasoline. It's a cause of the increased inflation and unemployment that we now face. This intolerable dependence on foreign oil threatens our economic independence and the very security of our Nation.

The energy crisis is real. It is worldwide. It is a clear and present danger to our Nation. These are facts and we simply must face them:

What I have to say to you now about energy is simple and vitally important.¹²⁶

The first goal of the plan described through the Address to the Nation on Energy of 1979 is the reduction of oil imports, action that would be put into action through domestic production and conservation: the aim of President Carter was that of cutting U.S. foreign oil dependence by one-half by the end of the 1980s. Carter reintroduced import quotas to protect domestic production and invested new funds to develop alternative sources of energy such as coal, oil shale and solar energy and the creation of U.S. first solar bank – the aim here was achieving the 20 percent of U.S. energy coming from solar power by year 2000 – and of an energy mobilization board. Moreover, he required to Nation's utility companies to cut their use of oil by 50% within the 1980s and switch to other kinds of fuels and he designed a conservation program in order to involve everyone in the U.S. “energy battle”. To fund this wide program, President Carter introduced windfall profits taxes:

¹²⁵ Jimmy Carter, Address to the Nation on Energy and National Goals: “The Malaise Speech”, July 15, 1979

¹²⁶ Ibid.

These efforts will cost money, a lot of money, and that is why Congress must enact the windfall profits tax without delay. It will be money well spent. Unlike the billions of dollars that we ship to foreign countries to pay for foreign oil, these funds will be paid by Americans to Americans. These funds will go to fight, not to increase, inflation and unemployment.¹²⁷

Finding a solution to the energy crisis was considered by Jimmy Carter both the first goal of his new policy – as it was a key point to its nation’s security – and the main instrument to draw the attention of the population toward an active participation to solve the wider “crisis of confidence” of America:

So, the solution of our energy crisis can also help us to conquer the crisis of the spirit in our country. It can rekindle our sense of unity, our confidence in the future, and give our Nation and all of us individually a new sense of purpose.¹²⁸

Nevertheless, the “Crisis of confidence” Speech became quickly the symbol not only of the decline of the United States, but also of all the weaknesses of Carter presidency:

The reception to Carter's speech was overwhelmingly positive: Approving phone calls poured into the White House — more calls than when President Richard Nixon had announced the invasion of Cambodia — along with many letters of support. But the goodwill was short lived. Within days of the speech, Carter fired several members of his cabinet, closing what Mattson calls "a window of opportunity."

"It's from then on that Carter had a really difficult time at bouncing back and being seen on the part of the American people as a strong and significant leader — especially a leader that could take America through solving the energy crisis," Mattson says.¹²⁹

The situation started to worsen toward the end of 1979 when U.S. *malaise* acquired an international nature – the incident of the hostages in Teheran and the Soviet invasion of Afghanistan were just two of the events which led to the end of *détente* with the Soviet Union, the beginning of a Second Cold War and the failure of Carter foreign policy.¹³⁰

Jimmy Carter gave the “Malaise” speech more than thirty years ago but nowadays its topic appears strongly contemporary. It has already been shown how the energy politics of Carter and Obama have several points in common and overall how the historical, political and economic contexts presented numerous similar elements. As a matter of fact, the period immediately before the first election of Barack Obama can be considered a new “crisis of

¹²⁷ Jimmy Carter, Address to the Nation on Energy and National Goals: “The Malaise Speech”, July 15, 1979

¹²⁸ Ibid.

¹²⁹ Silberberg, J., reporting the words of Kevin Mattson – author of the book *What The Heck are You Up To, Mr. President?* – in his article “Examining Carter's 'Malaise Speech,' 30 Years Later”, July 12, 2009

¹³⁰ Del Pero, M., (2011), pp. 375-276

confidence” for the American population, who was facing a difficult economic situation at home and two long wars in the Middle East:

So far, he seems to be skipping the chapter on Bill Clinton and his generally free-market economic policies and instead flipping back to the themes and comportment of Jimmy Carter. Like the 39th president, Obama has inherited an awful economy, dizzying budget deficits and a geopolitical situation as promising as Kim Jong Il's health. Like Carter, Obama is smart, moralistic and enamored of alternative energy schemes that were nonstarters back when America's best-known peanut farmer was installing solar panels at 1600 Pennsylvania Ave. Like Carter, Obama faces as much effective opposition from his own party's left wing as he does from an ardent but diminished GOP.¹³¹

In an article of September 2010 Diana Aviv, President and CEO of Independent Sector – a network for nonprofits, foundations, and corporate organizations based in Washington, DC – explains how 1979 Carter’s speech can be used to describe the contemporary situation of the United States, especially for what regards people unhappiness about the ineptitude of the political class, but also how Carter politics and words clearly affected those of his successors and the awareness of American people about their role in changing the country:

You only have to open the newspaper today to note a similar type of malaise caused by the general perception that government is incapable of helping its people. In households across America, the politician has become synonymous with power, self- interest, and ineffectiveness. [...] While the speed of change in Washington can feel at times infuriatingly slow, both the Administration and Congress have been anything but inactive.

As a nation, we've been through rough patches before ... and we will face them again. Historians say that President Carter's speech boomeranged. Opinion polls initially shot up, but soon people were asking why he, one of the most powerful individuals on the planet, wasn't fixing the nation's problems. That may not have been a reasonable expectation that even the president could meet. It is up to all of us to create a climate that fosters constructive problem solving and inspires all community members to respect and engage with others. Gerald Ford promised "compromise, conciliation and cooperation." Bill Clinton talked about "putting people first" and "a place called hope". George H.W. Bush sought a "kinder and gentler" world. President Obama said, "Yes we can." A single person can offer a vision, but can't alone transform it into reality – doing so requires our collective effort.¹³²

Even if the historical context and the energy politics of Jimmy Carter can be easily compared to those of President Obama, these similarities are not always seen as something positive by those who believe that Barack Obama is following a path that already proved a failure thirty

¹³¹ Welch, M., Gillespie, N., “Obama's Domestic Agenda Teeters”, *Washington Post*, July 19, 2009

¹³² Aviv, D., “President Carter’s Malaise Speech - What it Means Today”, Independent Sector: independentsector.org, September 2010

years ago when he talks about domestic production, reducing dependence on oil, renewable resources, energy independence and national security:

While President Obama talks about how forward-looking he is when it comes to the nation's energy, almost everything he's proposing is just a reread of Jimmy Carter's failed policies from the 1970s.

In the face of historic gasoline prices and an increasingly agitated public, Obama has taken to lambasting Republicans. They're members of the Flat Earth Society, he says, and display "a lack of imagination, a belief that you can't do something in a new way."

But the only thing imaginative about Obama's energy plans is how he's managed to recycle most of them from Jimmy Carter's playbook without anyone noticing. And we all know how well Carter's plan worked out.¹³³



The word *malaise* has often been used by Republicans in order to draw a parallel between Jimmy Carter – the last Democratic president who governed the United States for only one term – and President Obama, as Mitt Romney did during the last Presidential campaign. Comparisons between the politics of these two Democratic Presidents have been frequent since the election of Obama in 2008 – and in particular toward the end of his first mandate - and have usually been used to underline his weaknesses or the discontent of the American people:

The similarities between the Carter administration and the Obama administration are becoming eerily more and more prevalent. On both economic performance as well as projecting international strength abroad, President Obama finds himself in the same position of weakness President Carter wound up in just a generation ago. [...]

The public found Democratic nominees Jimmy Carter and Barack Obama to be refreshingly charming as well as a change of pace from the previous scandal-plagued administrations, and both presidents found an enthusiastic audience willing to give them a chance at leading the country forward.

Four years later, however, Americans found themselves asking, "Are we better off than we were four years ago?" Based on the job performance of both domestic and international matters, each generation came to realize that maybe government isn't the answer to all of life's problems.¹³⁴

¹³³ "Obama Refuels Jimmy Carter's Failed Energy Policies", IBD Editorials, Investor's Business Daily, March 26, 2012

¹³⁴ Giokaris, J., "Obama Administration is the Second Term Jimmy Carter Never Had", *Polycymic.com*, September 2012

One of the most criticized points of this comparison is the energy sector, which Republicans define a complete failure for the increase of oil and gas prices, aggressive regulation of energy consumption and taxes on imported oil:

Carter: In 1979 America faced an oil crisis in the aftermath of the Iranian Revolution. OPEC reduced production and as a result oil prices shot through the roof and supply was severely curtailed.

Carter, instead of taking on OPEC and demanding increased production, imposed rationing on gasoline, and home heating oil and placed tariffs on imported oil. America literally ran out of gas and what gas could be purchased was paid for at outrageous prices.

Obama: In the aftermath of his sluggish response to the BP oil spill in the Gulf of Mexico the Obama administration ceased drilling in the Gulf and set in place a moratorium on new offshore drilling. This action was being taken in spite of America's dependency on foreign oil. Gas prices have risen over 120 percent since Obama has taken office.¹³⁵

Carter was a preservationist president, deciding to block further development of North America's own energy resources and subsidizing failed alternative energy projects through taxpayer dollars. He created the U.S. Department of Energy and used it to aggressively regulate energy consumption rates while predicting that the world would "soon be running out of oil."

Like Carter, Obama has also blocked offshore drilling and bipartisan domestic energy development (such as the Keystone XL pipeline), pumped millions of taxpayer dollars into failed alternative energy companies, and used the Environmental Protection Agency to over-regulate energy consumption rates while claiming that oil is "rapidly disappearing."

And both presidents ended up seeing the same results: gas prices more than doubling in just one term.¹³⁶

But even if the goals set by Carter have never been put into action, at the beginning that speech contributed to raise his poll numbers and, as stated by Kevin Mattson, the failure of Carter policy was due not to what the former President had in mind for the energy sector, but to what he did immediately after the release of the speech and to his apparent inability to actively manage the situation:

The reason the speech is remembered as a failure is because of what followed. "He blew the opportunity that the speech opened up for him," Mattson explains. "Carter fired his Cabinet, signifying a governmental meltdown. The president's poll numbers sank again as confusion and disarray took over. Carter could give a great speech, but there were two things he couldn't manage: to govern well enough to make his language buoy him or to find a way to yoke the energy crisis with concrete civic re-engagement initiative." [...]

Today Carter is remembered as a political failure because of his inability to bolster the flagging economy. At least, that's how Republicans like to remember him. And so the parallel to today's weak economic growth is too obvious not to note, even for non-partisan reporters.¹³⁷

¹³⁵ Blakeman, B., "Obama Is Jimmy Carter 2.0", *FoxNews.com*, August 7, 2011

¹³⁶ Giokaris, J., "Obama Administration is the Second Term Jimmy Carter Never Had", *Polycymic.com*, September 2012

¹³⁷ Adler, B., "The 'Malaise' Speech That Wasn't", *The Nation*, July 18, 2011

3.3 Oil and national security: the Carter Doctrine

In the previous chapters it was stated the importance of an event as the Soviet invasion of Afghanistan in 1979 in contributing to create the situation of panic which led to the second energy crisis. It has also been mentioned how this event was significant in shaping the vision of U.S. national security for what regards its links with energy: as a matter of fact, even if the United States constantly aim at reaching energy independence, the control of out-of-border areas rich in energy sources is still a vital part of U.S. national security strategy.

Soviet presence in Afghanistan was nothing new in the 70s as the USSR had been supported the country since the 1920s and as far as it was concerned, the Afghan regime viewed Soviet Union as a model for politics and culture. Toward the end of the 1970s the Soviets were in touch not only with Mohammed Daoud' regime – who wanted to modernize the country according to Soviet example - but also with the Afghan Communists: the Afghan Communist Party – the People's Democratic Party of Afghanistan – had been formed in 1965 by two competing small left-wing study groups, the Khalq – leaded by Nur Mohammad Taraki and Hafizullah Amin – and the Parcham – headed by Babrak Karmal. In April of 1978 the PDPA organized a coup and took the power, but the party was too divided to effectively govern the country. The two factions of the party were also struggling for Soviet support, which at the end was granted to Taraki and Amin, who in July initiated a purge and exiled Karmal to Prague. While the Khalq regime was actually at the power, the environment was always more troubled as the Afghan Islamist opposition began to spread and the Soviet Union decided to strengthen their aids to the country in case of attack from Iran or Pakistan: rebellions in Herat gave the start to the real civil war between the Afghan government and the Islamist opposition. In order to acquire more support from the population, the Soviets tried to convince the regime to admit some members of the Parcham in the government, but as they refused Soviet Union initiated a plan to put pressure on Taraki to expel Amin from the party. At the beginning Taraki refused, but after several controversies the Soviets achieved to put

him and Amin one against the other: at first Amin escaped, but when he returned he called a meeting of the Politburo, he expelled Taraki and became the new leader of the PDPA. He initiated a new purge during that the same Taraki was executed. As its plans to expel Amin from Afghanistan had completely failed, the Soviet Union started to increase their presence in the country: with Amin trying to open relationships with the United States, its influence over the area was at high risk. In the meantime, several other events were already deteriorating the climate of *détente* between the United States and Soviet Union. In early 1979, as the Islamist threat and U.S. challenge were becoming even more dangerous, the Soviets decided to provide Afghanistan with that military support they have denied for so long:

In the late 1970s and early 1980s the Soviet invasion of Afghanistan was viewed in the West – and not just in the United States – as ultimate proof of aggressive intent. Among the policy elite in Moscow, however, the intervention was seen as defensive, as a policy of last resort.¹³⁸

Soviet forces invaded Afghanistan and occupied Kabul on December 25. The invasion of Afghanistan by the Soviet Union represented the failure of Carter strategy. From that moment, the new strategy pursued by the President and Cyrus Vance consisted in creating a new global order and in giving new strength to that containment toward the Soviet Union first initiated by former President Eisenhower:

For Carter, the Soviet invasion reinforced the decision he had made following the “brigade incident”, to contain the Soviet Union without moving fully to containment, per se. But in the aftermath of the invasion he would be pressed hard by Brzezinski to move further than he liked along the path to full-fledged containment.¹³⁹



National Security Advisor Brzezinski had long tried to advise President Carter about the aggressiveness of the Soviet Union, a possible invasion and the threat their presence would put to U.S. influence over the Gulf area. The Soviet invasion of Afghanistan was finally seen by

¹³⁸ Westad, O. A., (2007), p. 322

¹³⁹ Thorton, R. C., (2007), *The Carter Years. Toward a New Global Order*, Paragon House, St. Paul, Minnesota, 2007. p.

Carter as the ultimate proof that the Soviet Union was giving more importance to their intervention in Third World areas than to preserve *détente* with the United States. That was the moment that actually put an end to *détente* with the Soviet Union and led to a new phase of the Cold War: Carter foreign policy changed completely and his response to Soviet actions was particularly hard. But the new profile adopted by the President appeared contradictory and it constituted another step toward the end of his presidency:

The new Carter, a crusader of the new Cold War, was simply not credible: his shift ended to constitute an explicit admission – and unacceptable for U.S. public opinion – that the policy that had been followed until that moment was wrong and imprudent.¹⁴⁰

The main points of the strategy elaborated by Carter and Brzezinski after the invasion of Afghanistan were the sanctions against the Soviet Union and the doctrine the President would elaborate the following month: the focus was on the menace the Soviet Union constituted not only in Afghanistan, but in the entire Gulf area. As the same National Security Advisor remembers:

[...] later in the day, in a meeting with a group of newspapermen, the President strongly emphasized that we were now facing in the Persian Gulf a wider strategic challenge which would require a similarly wide response.

[...] I had stressed that the issue was not what might have been Brezhnev's subjective motives in going into Afghanistan but the objective consequences of a Soviet military presence so much closer to the Persian Gulf. The President's approach served as the point of departure for a wider response which, in the course of the next several weeks, took three forms: (1) the adoption of sanctions directed at the Soviet Union; (2) the formulation of a doctrine linking the security of the region with that of the United States and U.S. effort to shape a regional security framework; and (3) the acceleration of our strategic renewal, in terms of both doctrine and defense budget.¹⁴¹

The measures taken toward the Soviet Union would include a grain embargo, a ban on the export of U.S. technology, economic and military aid to Pakistan and a possible boycott of the Olympic Summer Games which would take place in Moscow, if the Soviet Union would not withdraw from Afghanistan within January 1980.¹⁴²

The hardest and most important point was surely the new doctrine President Carter announced in January of 1980. He was aware that Soviet presence in the Persian Gulf

¹⁴⁰ Del Pero, M., (2011), pp. 377-378: "Il Carter crociato della nuova Guerra Fredda non era semplicemente credibile: la sua svolta finiva per costituire un'ammissione esplicita, e inaccettabile per l'opinione pubblica statunitense, che quella perseguita fino ad allora era stata una linea sbagliata e imprudente."

¹⁴¹ Brzezinski, Z., (1983), p. 430

¹⁴² Glad, B., (2009), pp. 199-200

area could pose a challenge to U.S. influence there, an influence that the United States needed to maintain: a zone so rich in energy sources was strategic for U.S. national security. Clearly, U.S. influence over the Gulf area envisaged also a strong military presence, that constituted the base of that relation between freedom and empire about which Mario Del Pero talks in his volume *Libertà e impero (Freedom and empire)*: in some cases military intervention represented – and it still represents today, as it will be demonstrated later – a necessary tool to assure United States freedom and independence. Brzezinski called it a “regional security framework”.¹⁴³ President Carter announced his doctrine in his January 23, 1980 State of the Union Address, but the origins of the ideas contained in it date back to February of 1945, when the United States established a protectorate over Saudi Arabia and started to evaluate the possibility of using military force to protect Persian Gulf oil.¹⁴⁴ His National Security Advisor was the person appointed to write the first draft of the Address and Brzezinski used the occasion to emphasize the menace the Soviet Union represented for a vital area such as the Gulf through the link with the Truman doctrine – that can be considered a model for Carter doctrine -, announced by President Truman to warn about the Soviet threat to Greece and Turkey. The elaboration of Carter doctrine can be considered a watershed for both the energy politics and the foreign policy in general of the United States. The fact that U.S. government started to consider Middle East as an area of vital importance for the United States completely changed U.S. approach to these countries and to those who menaced U.S. influence over the area. As it will be shown later in the conclusions, in the following decades the United States would largely expand this influence:

Jimmy Carter’s announcement that the Persian Gulf constituted a vital U.S. national security interest changed all that. In short order, the aims implied by the Carter doctrine expanded. Within a decade, the United States was not content to prevent outside powers from controlling the Gulf. It sought to claim for itself a dominant position in the region. Within two decades, the arena in which

¹⁴³ Brzezinski, Z., (1983), pp. 443-444

¹⁴⁴ Klare, M. T., “Oil, Iraq, and American foreign policy. The continuing salience of the Carter doctrine”, *International Journal*, Winter 2006-2007

the United States sought that dominant role had expanded, eventually encompassing the entire Greater Middle East.¹⁴⁵

Moreover, the entire U.S. approach toward foreign policy changed after the events of late 1979 and early 1980. The second energy crisis, panic about possible shortages and gas lines, combined with international events as the Iranian revolution, the hostage crisis and the Soviet invasion of Afghanistan made the United States more conscious about how important were the linkages with certain countries to their national interests. U.S. priorities changed, shifting the focus on new areas – the Middle East - and enlarging the umbrella of U.S. influence. Clearly, the spreading of U.S. strategic influence meant also that the menaces would be greater and that the United States would confront with a wider security problem:

The cumulative effect of the events and decisions of 1979-80 was a strategic revolution in America's global position. Until the 1970s, U.S. foreign policy was anchored on the principle of interdependence with Western Europe, and then later with the Far East. The Middle East was viewed as a semi-neutral zone sealed off from Soviet power by a protective belt composed of Turkey, Iran, and Pakistan, with a neutral Afghanistan providing a buffer. America's interest as well as the security of the Persian Gulf, was seen as resting on two secure pillars, Iran and Saudi Arabia. Soviet political penetration of the Middle East was greatly reduced by Sadat's switch in 1973-74 to a pro-American orientation, and America's political centrality in the region was underlined by Carter's Camp David negotiations. The peace process, it was hoped, would undercut political opportunities for Soviet-backed radicalism.

However, the collapse of Iran and the Soviet move into Afghanistan, preceded by the unimpeded Soviet military intrusion in Ethiopia and South Yemen, created an urgent security problem for the region as a whole, prompting by 1980 formal U.S. recognition of the security interdependence of three, instead of two, zone of central strategic importance to the United States: Western Europe, the Far East, and the Middle East.¹⁴⁶

A picture of how the Carter doctrine affected the energy – and foreign – politics of his successors will be given in the conclusions of this dissertation. The final part of this chapter analyzes some passages of Carter State of the Union Address of January 23, 1980, to understand why the words pronounced by the former President constituted a turning point for U.S. politics. President Carter started describing the situation the United States and the world were facing at the beginning of 1980 and underlining how the security of the U.S. and of the entire world were strictly interrelated, that means how a threat for United States constituted a threat for the whole world:

¹⁴⁵ Bacevich, A.J., "The Carter Doctrine at 30", *World Affairs*, April 1, 2010

¹⁴⁶ Brzezinski, Z., (1983), p. 454

This last few months has not been an easy time for any of us. As we meet tonight, it has never been more clear that the state of our Union depends on the state of the world. And tonight, as throughout our own generation, freedom and peace in the world depend on the state of our Union.¹⁴⁷

The worst challenges the United States had to confront were clearly Soviet interventionism in the Third World and the increasing dependence of the United States on foreign oil, and all was worsened by the military actions taken by the Soviet Union during the last months of 1979:

Three basic developments have helped to shape our challenges: the steady growth and increased projection of Soviet military power beyond its own borders; the overwhelming dependence of the Western democracies on oil supplies from the Middle East; and the press of social and religious and economic and political change in the many nations of the developing world, exemplified by the revolution in Iran.

[...]

But now we face a broader and more fundamental challenge in this region because of the recent military action of the Soviet Union.¹⁴⁸

The American President followed talking about the relationship between the United States and the Soviet Union, describing the struggles and the treaties they put into action through the decades, but underlining that from the 1970s the Soviet Union started to show its aggressiveness toward weaker countries putting at risk global peace, while both superpowers, given their particular role and strength, should have preserved world order:

But now the Soviet Union has taken a radical and an aggressive new step. It's using its great military power against a relatively defenseless nation. The implications of the Soviet invasion of Afghanistan could pose the most serious threat to the peace since the Second World War.¹⁴⁹

This is the most explicit justification for U.S. sanctions to the Soviet Union. Then Carter started to talk about the Soviet menace in terms of national security, that means first of all oil fields and U.S. military presence in the area:

The region which is now threatened by Soviet troops in Afghanistan is of great strategic importance: It contains more than two-thirds of the world's exportable oil. The Soviet effort to dominate Afghanistan has brought Soviet military forces to within 300 miles of the Indian Ocean and close to the Straits of Hormuz, a waterway through which most of the world's oil must flow. The Soviet Union is now attempting to consolidate a strategic position, therefore, that poses a grave threat to the free movement of Middle East oil.

This situation demands careful thought, steady nerves, and resolute action, not only for this year but for many years to come. It demands collective efforts to meet this new threat to security in the Persian Gulf and in Southwest Asia. It demands the participation of all those who rely on oil from

¹⁴⁷ James Earl Carter, The State of the Union Address Delivered Before a Joint Session of the Congress, January 23, 1980

¹⁴⁸ *Ibid.*

¹⁴⁹ *Ibid.*

the Middle East and who are concerned with global peace and stability. And it demands consultation and close cooperation with countries in the area which might be threatened. Meeting this challenge will take national will, diplomatic and political wisdom, economic sacrifice, and, of course, military capability. We must call on the best that is in us to preserve the security of this crucial region.¹⁵⁰

The following passage is probably the most famous and cited of the entire Address as it definitely enunciated Carter doctrine: the protection of U.S. vital interests (energy sources in this case) justifies every possible mean, including military force.

Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.¹⁵¹

Then Carter listed the practical measures needed to put his doctrine into practice: increase of the defense budget – the Five Years Defense Program - , strengthening of the NATO alliance and opening of the relations with other countries – such as China - , modern nuclear weapons, a greater naval presence in the Indian Ocean and a deeper commitment in Middle East affairs, especially for what concerned countries such as Pakistan and Israel. Once again Carter putted particular emphasis on themes such as the preservation of peace and human rights in other countries as part of American tradition and commitment. President Carter returned with strength on the problem of dependence on foreign oil, underlining once again the main points of his domestic energy politics: conservation, domestic production and renewable sources of energy.

The crises in Iran and Afghanistan have dramatized a very important lesson: Our excessive dependence on foreign oil is a clear and present danger to our Nation's security. The need has never been more urgent. At long last, we must have a clear, comprehensive energy policy for the United States.

As you well know, I have been working with the Congress in a concentrated and persistent way over the past 3 years to meet this need. We have made progress together. But Congress must act promptly now to complete final action on this vital energy legislation. Our Nation will then have a major conservation effort, important initiatives to develop solar power, realistic pricing based on the true value of oil, strong incentives for the production of coal and other fossil fuels in the United States, and our Nation's most massive peacetime investment in the development of synthetic fuels.

The American people are making progress in energy conservation. Last year we reduced overall petroleum consumption by 8 percent and gasoline consumption by 5 percent below what it was the year before. Now we must do more.¹⁵²

¹⁵⁰ James Earl Carter, The State of the Union Address Delivered Before a Joint Session of the Congress, January 23, 1980

¹⁵¹ Ibid.

¹⁵² Ibid.

He also proposed new energy measures: gasoline conservation goals, import ceiling and oil import fees and energy conservation in every field of people life, giving emphasis again to the role of the American people in this challenge.

As individuals and as families, few of us can produce energy by ourselves. But all of us can conserve energy—every one of us, every day of our lives. Tonight I call on you—in fact, all the people of America—to help our Nation. Conserve energy. Eliminate waste. Make 1980 indeed a year of energy conservation.¹⁵³

President Carter concluded talking about the problems of U.S. economy in general, their possible solutions and the values of United States, such as freedom, peace and justice. But the most important point of the speech remains the enunciation of his doctrine and the way Carter included the support of its allies and the importance of securing energy supplies into U.S. national security strategy:

All these efforts combined emphasize our dedication to defend and preserve the vital interests of the region and of the nation which we represent and those of our allies—in Europe and the Pacific, and also in the parts of the world which have such great strategic importance to us, stretching especially through the Middle East and Southwest Asia. With your help, I will pursue these efforts with vigor and with determination. You and I will act as necessary to protect and to preserve our Nation's security.¹⁵⁴

All Carter successors until current President Barack Obama would apply his words to their energy politics, connecting the need of energy supplies to national security and sometimes justifying U.S. military intervention in the world. This will be the first point analyzed in the conclusions.

¹⁵³ James Earl Carter, The State of the Union Address Delivered Before a Joint Session of the Congress, January 23, 1980

¹⁵⁴ Ibid.

CONCLUSIONS

The choice of focusing the attention on the energy politics of Carter and Obama was driven by the similarities which can be found when analyzing the social, economic and political contexts which characterized the years immediately previous and during their presidencies. As mentioned in Chapter 3, Carter doctrine was probably misinterpreted by U.S. public opinion as it constituted a too strong shift in his policy, but it was put into practice by all the following U.S. Presidents, from his immediate successor, the Republican Ronald Reagan, to the current President of the United States Barack Obama and it can now be considered a bipartisan politic. This part of the dissertation will start talking about the so called “globalization” of the Carter doctrine to arrive at demonstrating that despite the energy politics designed by President Obama – focused on energy independence and environment protection - today the United States are still influenced by this doctrine and still highly dependent on oil as the first energy source of the country, thing that can put at high risk both environment and national security for future generations.

- **From Ronald Reagan to Barack Obama: the globalization of the Carter doctrine**

To an extent that few have fully appreciated, the Carter Doctrine has had a transformative impact on U.S. national security policy. Both massive and lasting, its impact has also been almost entirely pernicious. Put simply, the sequence of events that has landed the United States in the middle of an open-ended war to determine the fate of the Greater Middle East begins here.¹⁵⁵

Jimmy Carter is considered by a big part of the U.S. political class a symbol of failure, as he was not able to put effectively into practice his politics. But it cannot be denied that his doctrine constituted a watershed and a starting point for a wave of change in U.S. foreign policy. Carter Doctrine completely changed the approach of the United States toward those countries which could be considered as strategic areas for their vital interests – oil and energy sources in particular. The globalization of his doctrine started when he was still at the

¹⁵⁵ Bacevich, A.J., “The Carter Doctrine at 30”, *World Affairs*, April 1, 2010

Government, in particular with the establishment of the Rapid Deployment Joint Task Force and of a net of military bases in the Gulf region, in 1980. His ideas would be then applied by his successors, expanded to other producing areas of the world and often used as a justification for U.S. military intervention abroad. The foreign policy strategy of George W. Bush can be considered the peak of this tendency but, as it will be shown later, even President Obama adopted this line during his first term at the White House:

George W. Bush's Iraq War, while duplicitous in many respects, is actually the culmination of twenty-five years of U.S. policy to ensure continued domination of the Persian Gulf and its prolific oil fields. In fact, it was a natural expression of the Carter Doctrine.¹⁵⁶

Even if the real globalization started with Bill Clinton in the 1990s, it cannot be denied the "contribution" of Carter immediate successor, the Republican Ronald Reagan, and of George H. W. Bush to the process. The first action of Ronald Reagan was the expansion of the RDJTF to the U.S. Central Command (or Centcom), a power appointed to the protection of the oil flows which arrived to the United States and their allies from the Persian Gulf. But under Reagan the Carter doctrine constituted also the justification for U.S. military intervention in favor of Kuwait during the Iraq-Iran War of 1980-1988. The main reason for the intervention was the Iranian attack to Kuwaiti oil tankers, which were put under the protection of U.S. flag and naval forces. The war ended in August of 1988 but U.S. involvement in Middle East affairs was not over: two years later Iraqi forces invaded Kuwait and, even if the United States had maintained quite a good relationship with Saddam Hussein until that moment,

the White House instantly concluded that the Iraqi invasion of Kuwait posed an indisputable threat to America's strategic interests in the Gulf as encapsulated in the Carter doctrine. At a meeting in Camp David on 3 August, President George H. W. Bush ordered the Department of Defense to begin making plans for military action to defend Saudi fields, and three days later authorized Secretary of Defense Dick Cheney to begin deploying American troops in the kingdom.¹⁵⁷

As previously mentioned, the real process of globalization of the Carter doctrine began during the Clinton Administration: former President Bill Clinton was the first to enunciate the

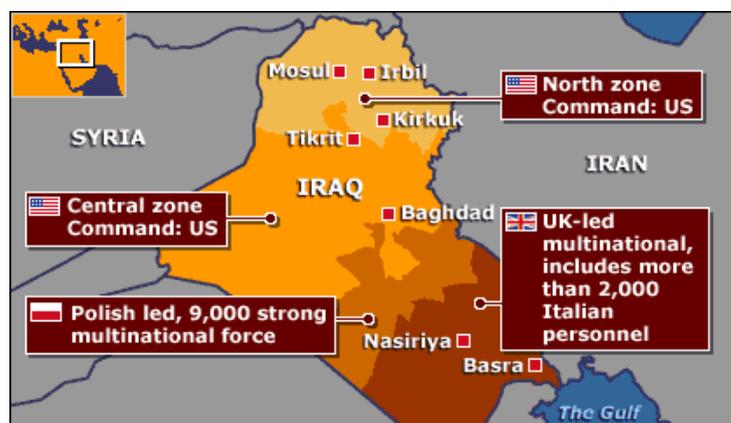
¹⁵⁶ Klare, M.T., "The Carter Doctrine Goes Global", *The Progressive Magazine*, December 2004

¹⁵⁷ Klare, M.T., "Oil, Iraq, and American foreign policy. The continuing salience of the Carter doctrine", *International Journal*, Winter 2006-2007, p. 35

strategy of diversification, both to justify U.S. growing presence in the Caspian Sea basin – that until 1992 remained under the control of the Soviet Union – and diminish U.S. dependence on the troubled Middle East area. In order to replace Soviet Union as the main power in the area and to assure United States influence over Caspian oil, Clinton decided to provide aid for the building of a new pipeline which would transport oil from Azerbaijan to Turkey through Georgia, actually avoiding the passage of oil flows across Russia. The construction of the pipeline was also the occasion for the United States to establish, toward the end of the 90s, close military ties with local forces which would constitute a good basis for intervention in Afghanistan during the Bush Administration. But even if George W. Bush was probably the most active representative of Carter doctrine, his father too referred to the words of the Democratic President during the years he governed the country. The Gulf War of 1991 was another occasion to reaffirm that Middle East constituted a vital interest for the United States and that military action for its protection was included in their plans:

The 1991 Gulf conflict set an important precedent for U.S. military involvement in the region. Up until that point, American strategy had been designed to minimize the direct involvement of U.S. troops in any regional conflict; in Operation Desert Storm, however, the United States contributed the overwhelming majority of the forces involved. Once the war was concluded, moreover, senior American officials made it clear that Washington was prepared to assume the lead role again or, if required, to act entirely on its own.¹⁵⁸

The Gulf region continues to be one of the most interesting areas for U.S. energy and national security, as testified by the wars launched by George W. Bush in Afghanistan in 2001 and in Iraq in 2003. Even if



the energy interests of the United States have become even more explicit, this kind of intervention has often been justified by the war on international terrorism. During the decades U.S. security umbrella has widened to include other key oil producing areas of the world, first

¹⁵⁸ Klare, M. T., (2002), p. 62

of all the Andean region in South America – Colombia in particular – and West Africa – with Angola and Nigeria as the most important producers. As both are considered troubled areas, which experienced struggles and civil wars, the United States had already started to provide these countries with economic and military assistance, but also to establish military bases in their territory and a major naval presence along the coasts of Africa. This diversification strategy has also been included in the National Energy Policy (NEP), launched by George W. Bush in 2001, also known as Cheney Report and which actually stated the growing U.S. dependence on areas of the world other than the Middle East. The Cheney Report reaffirmed that the focus was on three key areas: the Andean Region in South America, the west coast of Africa and the Caspian Sea basin.¹⁵⁹ The energy politics of current U.S. President Barack Obama is not free from the influences of the Carter doctrine and during the first four years of his mandate he maintained the military approach used to preserve American vital interests. The 11th of September of 2012 struggles in Libya and the attack to the U.S. Consulate in Benghazi concluded with the murder of the U.S. Ambassador Christopher Stevens. Immediately after the attack, the White House sent its forces to the coasts of Libya.



At the beginning the reasons for the struggles which were spreading in the Arab world were attributed to the release on the internet of the movie *The Innocence of Muslims*, a film highly offensive toward the Muslim religion. Later, the White House would talk about an intelligence gap and

attribute the attack – previously organized – to Al Qaeda. But if seen under the light of the Carter doctrine, the events of 2012 reveal that Libya possesses more than 47 billion barrels of verified oil reserves, which represent the greatest of Africa and the 3% of world oil reserves.

¹⁵⁹ Klare, M.T., “The Foreign Energy Policy of the United States”, translation by Paola Rudan, March 4, 2008

The economy of the country is highly dependent on oil exports, the other important resource together with natural gas: the privatization of the Libyan energy industry seems a great objective to achieve for the U.S. Government. In May of this year new troubles in Benghazi drove the decision of the U.S. Administration to strengthen their presence in the country. These events can be considered a sign that U.S. strategy about energy and national security is still the same and that after more than thirty years the Carter doctrine is still highly salient in shaping U.S. policy:

What is important for the United States and the European forces is to control Libyan oil: more than 47 billion barrels of verified oil reserves, the greatest of Africa. It is also important to them to dispose of the Libyan territory for the advanced deployment of military forces. The force of marines' rapid deployment sent by Obama to Libya with the support of the Sigonella drones, officially sent as a reaction to the murder of the ambassador, is neither the first nor the last one.¹⁶⁰

- **After the first term: Obama between oil dependence and environment**

In the second chapter the analysis of the Blueprint for a Secure Energy Future enlightened that the energy politics designed by Obama during his first term were aimed at reaching U.S. energy independence and a secure future for his country and future generations. In the third chapter, through the analysis of the energy politics of former President Jimmy Carter, it has been demonstrated that Obama has been highly influenced by his Democratic predecessor for what regards the points included in his plan – domestic energy production, conservation, environmental protection, renewable sources of energy, reduction of polluting emissions, climate change. But in the previous paragraph it has been stated that Barack Obama has been influenced also by the idea – contained in the Carter doctrine - of protecting U.S. vital interest through any necessary mean, included military force. The aim of this last part of the dissertation is trying to explain which could be the consequences of this multifaceted tie between Obama and Carter about energy politics for the present and the

¹⁶⁰ Dinucci, M., "Libia: petrolio rosso sangue", *Il Manifesto*, September 25, 2012: "Ciò che preme agli Usa e alle potenze europee è controllare il petrolio libico: oltre 47 miliardi di barili di riserve accertate, le maggiori dell'Africa. Importante per loro è disporre anche del territorio libico per lo spiegamento avanzato di forze militari. La forza di rapido spiegamento dei marines, inviata da Obama in Libia con il supporto dei droni di Sigonella, ufficialmente come risposta all'uccisione dell'ambasciatore, non è né la prima né l'ultima".

future of energy in the United States, and which are the major challenges that President Barack Obama and the United States are confronting and will confront with in the future for what concerns U.S. energy independence: in particular the issue of environmental politics and its link with national security.

Both the energy revolution promoted by Barack Obama during last years and the strategy of diversification are contributing to lessen the importance of Middle East, at least for what concerns energy supplies. Data prove that domestic oil production is increasing and that since Obama arrived at the White House U.S. reliance on oil imports has diminished significantly. Current energy politics include the arrival of oil supplies from close and friendly allies - like Canada – but also from farer and often politically troubled countries of the world, always with the deployment of U.S. forces on the area –like the Gulf of Guinea.

Yet insidiously, the Middle East is becoming irrelevant. The discovery of enormous new oil and gas reserves along with the use of new oil-recovery technology in North America and China is steadily curbing the demand for Middle Eastern oil.

Soon, countries such as Kuwait, Saudi Arabia and Iran are going to have less income and geostrategic clout. In both Iran and the Gulf, domestic demand is rising, while there is neither the technical know-how nor the water to master the new art of fracking to sustain exports.¹⁶¹

But it cannot be denied that, even if the United States have diminished their dependence on foreign oil, they are still highly dependent on oil production and this can be an enormous threat to the idea of energy independence promoted by Obama at the beginning of his first mandate: strictly connected to environmental protection politics and which aims at making the United States a leader in the (clean) energy sector. The focus on environment is exactly what Obama meant when he affirmed the necessity of an “all-of-the-above strategy” and what can transform energy independence into energy security. A third environmental wave started to influence world politics from the 1980s, an environmental wave that differently from the previous two – the first one, in the late 1960s and early 1970s, focused on clean air and water, while the second one, which rose in the 1970s, was born to stop nuclear development – regarded every possible kind of environmental threat. After two major environmental

¹⁶¹ Hanson, V.D., “Energy Revolution Could Make Mideast Irrelevant”, *Investor’s Business Daily*, May 2, 2013

disasters strictly connected with the energy sector – the incident of Chernobyl in April of 1986 and that of the supertanker Exxon Valdez in the Alaska’s Prince William Sound in 1989, when 240,000 oil barrels spilt into the waters –, this environmental wave started to focus more on the risks that the energy industry – the oil one in particular - causes every day to the environment:

Coming as it did on top of a host of other concerns, the tanker accident strengthened the reborn environmental consciousness and the willingness on the part of many people to trade off energy production in favor of environmental protection. That single event in 1989 could have a major impact on the world energy balance in the late 1990s to the degree that it tilts the scales against new oil development in the United States, leading to even higher imports.¹⁶²

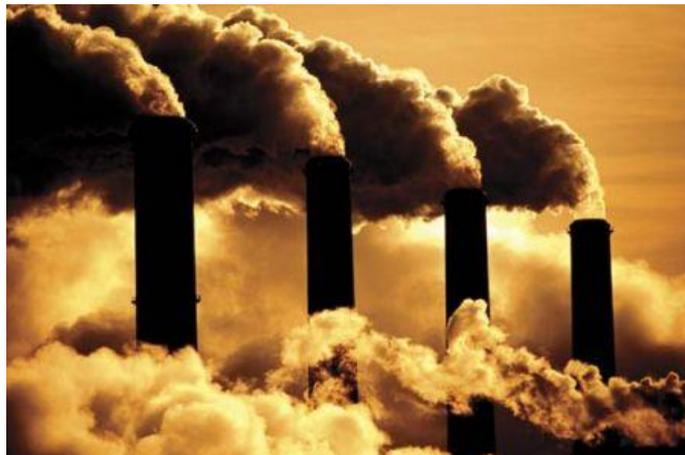
Environmental associations, which in 2008 welcomed Obama election, were the first to notice this shift in his policy toward the end of his first term and to affirm their disappointment. Something has been done since the President launched the Blueprint for a Secure Energy Future in 2011, but the objectives designed two years ago are still not completely achieved. First of all, where has Obama already taken action and where not? The reduction of pollution generated by cars and light trucks by the Environmental Protection Agency and Transportation Department can be considered a success for his administration and in March of this year EPA proposed new and stricter fuel standards for vehicles. EPA has also imposed stricter controls to coal- and oil-fired power plants about their emissions of mercury and other poisons. Moreover, in April of 2013 the Obama administration finalized the National Ocean Policy – which aims at reconcile competing interest in the ocean like offshore fishing and energy exploration – and invested in renewable sources of energy through subsidies and tax credits. For what concerns other issues, such as the new standards of greenhouse gas emissions for new power plants and the new rules for smog emissions, both proposed by the EPA, the administration is pulling back, mainly for economic motives. Finally, there are some projects about which the Obama administration is even more hesitant. These projects regard mainly the imposition of new limits on greenhouse gas emissions from utilities already in

¹⁶²Yergin, D., (1991), pp. 778-779

operation and the possibility of large-scale mining operations near Alaska's Bristol Bay, activities which may damage wild salmon habitat.¹⁶³ Analyzing the goals Obama has or has not achieved the picture is very different from that expected in 2008 by the environmentalist world. Why and where is the Obama Administration failing in its environmentalist challenge?

1. The great U.S. dependence on oil is probably the main cause of air pollution. Greenhouse gas emissions produced by the combustion of fossil fuels for producing energy are one of the main causes for climate change and global warming. Among the consequences of global warming there are high sea levels, droughts and increases in the intensity of hurricanes, typhoons, flooding and wildfires. All this is clearly a serious threat to the security of future generations.

For those who thought the impacts would come slowly enough to allow human societies time to adapt, the assessment warned of a new danger that might arrive in about four decades if emission rates were not reduced. "Over the next century", it projected, "net carbon uptake by terrestrial ecosystems is likely to peak before mid-century and then weaken or even reverse, thus amplifying climate change". Nature has muted the impact of human emissions so far, but its ability to do so is limited. If current trends in emissions continue, we should expect to see future changes from global warming coming more quickly and more intensely.¹⁶⁴



2. One of the main reasons for this delay in putting into action energy politics friendly to the environment are the competing interests between industry and environmental associations:

¹⁶³ Eilperin, J., "On Earth Day, where does Obama's environmental record stand?", *The Washington Post*, April 22, 2013

¹⁶⁴ Hakes, J., (2008), pp. 106-107

the pressures of the oil lobby on Washington is particularly strong.¹⁶⁵ Already in 2011 some environmental associations attributed to Obama and to his bad management of energy politics and of these pressures some serious events and environmental disasters such as those provoked by the explosion of the oil plant *Deepwater Horizon* in April of 2010 and that of the Massey Energy Co's Upper Big Branch mine in 2011. Moreover, in recent years the United States are becoming "rich soil" for associations – usually paid by oil and gas industries – which produce data and reports with the aim of rejecting phenomena such as that of global warming.¹⁶⁶

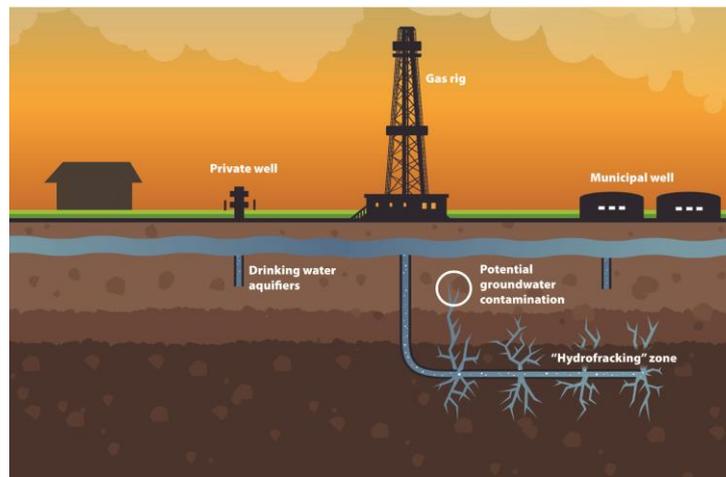


3. High U.S. dependence on oil and the need to increase domestic production are also diverting investments from renewable sources of energy to new technologies for oil and gas extraction. These new technologies are the main point of the "energy revolution" promoted by Obama. The most spread and controversial of these new technologies is *fracking* – or hydraulic fracturing - a technique that, using horizontal drilling, inject a mixture of water, sand and detergents in the terrain to create cracks in the rock and force out gas. Fracking presents a high number of problems. If on the one hand it is creating jobs, on the other it can cause serious damages to the environment: the process need high quantities of clean water, it can pollute the aquifers and create air pollution because of gas

¹⁶⁵ Pasquali, V., "Energia, Obama non è abbastanza verde", *Lettera Politica*, August 17, 2012

¹⁶⁶ Blasberg, A., Kohlenberg, K., "Un clima sospetto", *Internazionale* (original article from *Die Zeit*), December 2012

losses. Moreover, long-term effects are still unknown.¹⁶⁷ Furthermore, the economic benefits produced by this kind of technology – in particular making the United States a net exporter by 2025 - seem not so reliable. It seems that companies are overestimating the productivity of their activities as this kind of extraction is not so cheap and easy as they want to make people believe. To repay debts caused by the decline of production, drillers have to open new wells: a vicious cycle that is translating into a shale gas bubble.¹⁶⁸



4. Even if the energy revolution and the aim of energy independence focus on oil and gas domestic production, at the moment the United States continue to import energy sources, with serious threat for the environment. As stated by Jay Hakes, importing oil reserves is even more dangerous for the problem of global warming than producing them at home:

Though rarely discussed, imported oil contributes more to global warming than domestic oil. Oil from tar sands in Canada – which are contributing an increasing share of North American production – are very energy-intensive to bring to the surface, meaning that, all other things being equal, a mile driven with oil from tar sands contributes considerably more carbon emissions than oil from U.S. (or many other foreign) wells. Similarly, oil produced in areas that do not control the flaring of natural gas is more dangerous than oil from countries that do. This differential provides added motivation to better manage our dependence on foreign oil.¹⁶⁹

The great threat to U.S. energy independence and national security is not only reliance on foreign oil, but U.S dependence on fossil fuels in general:

Reliance on fuels – whether domestic or foreign – that bring great harm to the environment is another issue of dependence versus independence. A strong nation addresses such problems and finds cost-effective solutions. At present, the United States stands as both the greatest contributor

¹⁶⁷ Dobb, E., “Boom nella prateria”, *National Geographic Italia*, March 2013

¹⁶⁸ Ahmed, N.M., “The great oil swindle”, *Le Monde Diplomatique*, March 2013

¹⁶⁹ Hakes, J., (2008), p. 108

to the existing concentrations of greenhouse gases and the only major industrial nation refusing to join international agreements to cut emissions. This stance threatens to weaken American influence on other matters.¹⁷⁰

5. Another problem strictly connected with investments in renewables and in new technologies for oil and gas drilling, oil dependence and national security is that of peak oil:

Since the beginning of the twenty-first century, a fear has come to pervade the prospects for oil and also feed anxieties about overall global stability. This fear – that the world is running out of oil – comes with a name: peak oil. It argues that the world is near or at the point of maximum output, and that an inexorable decline has already begun, or is soon to set in. [...]
The peak oil theory embodies an “end of technology/end of opportunity” perspective, that there will be no more significant innovation in oil production, nor significant new resources that can be developed.¹⁷¹

The fear of ending oil supplies and the issue of peak oil is nothing new: in late 1940s scientist Marion King Hubbert stated that the peak of oil production would be between 1965 and 1970.¹⁷² More recently the International Energy Agency declared that the year in which oil production began its decline was 2006. Clearly Hubbert underestimated the possibilities of extraction provided by modern technologies, and many scholars state that also more recent data will be completely upset because oil reserves continue to grow. As a matter of fact, new drilling technologies as fracking and horizontal drilling are allowing oil industries to extract what today is called *unconventional oil*: nowadays oil can be extracted from sands in Canada, from the deep waters of the Atlantic or the Arctic region. The extraction of unconventional oil is surely increasing the amount of proven reserves, but not completely without problems. First of all, damages for the environment can be enormous. As already stated, that of fracking is a risky process.¹⁷³ Second, we cannot forget that oil is a finite resource. We can try to drill more and more of it, we can develop new technologies to extract it from unexplored places, but soon or later oil will finish.

¹⁷⁰ Hakes, J., (2008), p. 118

¹⁷¹ Yergin, D., (2011), p. 229

¹⁷² Ibid., pp. 235-237

¹⁷³ Walsh, B., “Oil’s Messy Frontier”, *Time Magazine*, April 9, 2012

In other words, the premise of “peak oil” [...] is far from undermined by the shale gas boom. Several independent scientific studies released over the last year – largely ignored by the media – vindicate this conclusion.

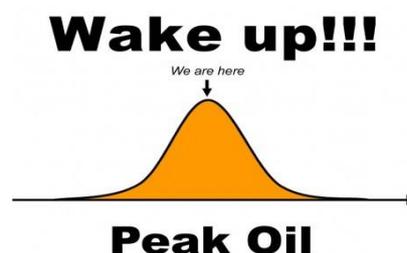
In a study in Energy Policy, Sir David King and his Oxford team concluded that the oil industry had overstated world reserves by about a third, and estimates should be downgraded from 1,150-1,350 billion barrels to 850-900 billion barrels. “While there are certainly vast amounts of fossil fuel resources left in the ground, the volumes of oil that can be commercially exploited at prices the global economy has become accustomed to is limited and will soon decline”.¹⁷⁴

Moreover, there is a number of other issues which can create problems to the effective exploitation of these resources:

Careful examination of the world’s resource base [...] indicates that the resource endowment of the planet is sufficient to keep up with demand for decades to come. That, of course, does not mean that the oil will actually make it to consumers. Any number of “aboveground” risks and obstacles can stand in the way, from government policies that restrict access to tax systems to civil conflict to geopolitics to rising costs of exploration and production to uncertainties about demand. As has been the case for decades and decades, the shifting relations between producing and consuming countries, between traditional oil companies and state-owned oil companies, will do much to determine what resources are developed, and when, and thus to define the future of the industry.¹⁷⁵

The problem of peak oil and the continuing fears of shortages can also lead to international conflicts and wars for the acquisition and control of resources which will become even scarcer. A country characterized by heavy environmental problems and entangled in continuous struggles for energy resources around the world is not the America that in 2011 President Barack Obama declared he wanted to leave to future generations.

“President Obama has said that failing to respond to climate change would ‘betray our children and future generations’, and I know he strongly believes that,” Whitehouse said.¹⁷⁶



¹⁷⁴ Ahmed, N.M., “The great oil swindle”, *Le Monde Diplomatique*, March 2013

¹⁷⁵ Yergin, D., “It’s still the one”, *Foreign Policy*, September/October 2009, p. 95

¹⁷⁶ Eilperin, J., reporting the words of Senator Sheldon Whitehouse in her article “On Earth Day, where does Obama’s environmental record stand?”, *The Washington Post*, April 22, 2013

- **Second Obama Term: a second chance to fight climate change**

In November of 2012 Barack Obama has been re-elected at the White House: this second term can constitute a second chance for his energy politics, especially for environment and climate change. In his State of the Union Address of February 12, 2013, Barack Obama told once again about the need for the United States to manage their energy future:

Today, no area holds more promise than our investments in American energy. After years of talking about it, we're finally poised to control our own energy future. We produce more oil at home than we have in 15 years. We have doubled the distance our cars will go on a gallon of gas and the amount of renewable energy we generate from sources like wind and solar, with tens of thousands of good American jobs to show for it. We produce more natural gas than ever before, and nearly everyone's energy bill is lower because of it. And over the last 4 years, our emissions of the dangerous carbon pollution that threatens our planet have actually fallen.¹⁷⁷

But he also told with new strength about the necessity of an energy plan which contributes to fight climate change:

But for the sake of our children and our future, we must do more to combat climate change. Now, it's true that no single event makes a trend. But the fact is, the 12 hottest years on record have all come in the last 15. Heat waves, droughts, wildfires, floods—all are now more frequent and more intense. We can choose to believe that Superstorm Sandy and the most severe drought in decades and the worst wildfires some States have ever seen were all just a freak coincidence. Or we can choose to believe in the overwhelming judgment of science and act before it's too late.¹⁷⁸

Last February Obama called for a strong action for what concerns this point and in particular he called for a bipartisan solution – or he would act unilaterally:

Now, the good news is we can make meaningful progress on this issue while driving strong economic growth. I urge this Congress to get together, pursue a bipartisan, market-based solution to climate change, like the one John McCain and Joe Lieberman worked on together a few years ago. But if Congress won't act soon to protect future generations, I will. I will direct my Cabinet to come up with executive actions we can take, now and in the future, to reduce pollution, prepare our communities for the consequences of climate change, and speed the transition to more sustainable sources of energy.¹⁷⁹

Moreover, on March of this year the President urged the Congress to support the Energy Security Trust in order to finance research about clean energy:

"I'm proposing that we take some of our oil and gas revenues from public lands and put it towards research that will benefit the public, so that we can support American ingenuity without adding a dime to our deficit," Obama said in his weekly address from the Argonne National Laboratory in Illinois, where he on Friday touted the 2-billion-dollar Energy Security Trust to reduce dependence on oil and create new jobs.¹⁸⁰

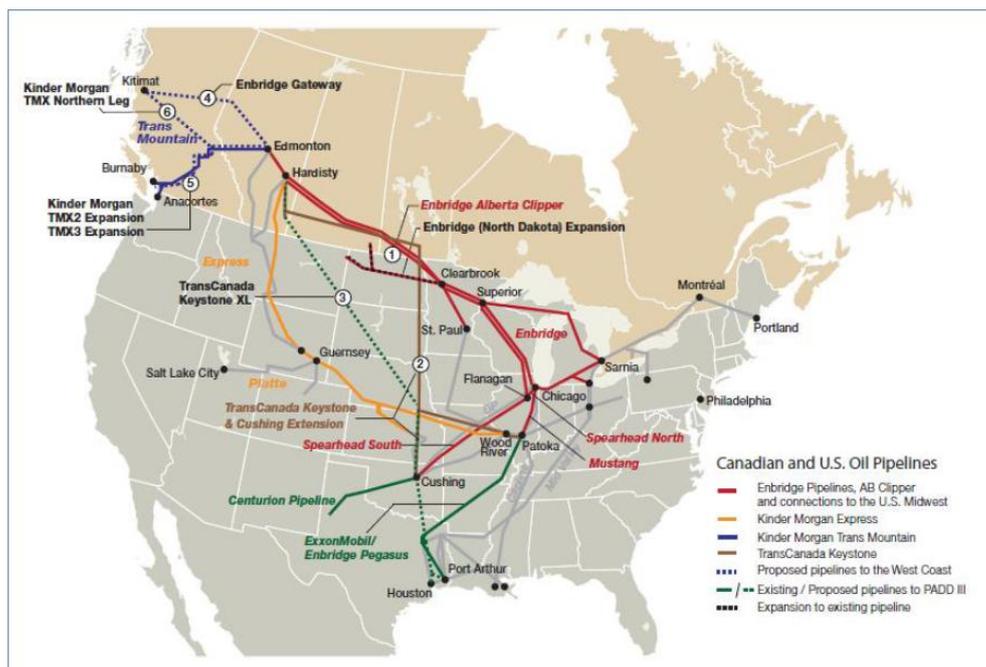
¹⁷⁷ President Barack Hussein Obama, 90 - Address Before a Joint Session of Congress on the State of the Union, February 12, 2013

¹⁷⁸ Ibid.

¹⁷⁹ Ibid.

¹⁸⁰ "Obama urges Congress to back energy research fund", *China Daily*, March 17, 2013

Nevertheless, it seems that Obama’s environmental agenda is not proceeding at the hoped velocity. This inaction is motivated by a series of urgent problems which are stealing the show at the moment, as for example guns control, terrorism, North Korea, immigration and federal spending. A change of the staff of all three cabinet-level agencies regarding energy and climate change – the Interior and Energy Department and the EPA – is an additional reason of delay.¹⁸¹ The most important decision about energy and environment President Obama has to take in these days regards the construction of the Keystone XL pipeline, which would transport crude from oil sands in Canada to the refineries of the Gulf Coast.



The issue is quite controversial as once again competing interests are in the running and U.S. administration will have to decide if giving priority to economy or to the environmental issue. Environmental associations already expressed their opinion, stating that they consider the decision about the pipeline as a test to verify Obama’s seriousness and credibility about environmental politics and climate change:

First, pipeline opponents say there is no possible deal that could compensate for the environmental damage created by the construction of the pipeline and expanded development of Canadian oil sands. They have described the pipeline as a fuse to one of the biggest carbon bombs on the planet,

¹⁸¹ Broder, J.M., “Slow Start on Environment in Second Obama Term”, *The New York Times*, April 24, 2013

and said that extracting and burning all the oil in the Alberta oil sands would mean the game was over for global climate.¹⁸²

At the same time high economic and political interests are at stake and if the President will not approve the construction of the pipeline Republicans in the Congress could decide to block other environmental projects such as greenhouse gas regulation of power plants and refineries.¹⁸³ This issue, together with other points like the delay in putting into action the limits of carbon dioxide emissions from new power plants and the problem of Congressional action for the clean energy standard – or renewable portfolio standard – draw quite a pessimistic picture for environmental politics.

It is clear that the implementation of energy politics aimed at the protection of the environment and the slowing of climate change depends not only on President Obama energy plan, but on the construction of a bipartisan policy. Without action from the Congress any new project remains only an idea. The first point of this action should be changing people's mind. A lot of people still think that Obama is embracing the failed energy policies of the 1970s and that investing in renewable sources is a waste of time and money,

Similar convoluted definitions exist in the president's energy policy pronouncements. His "all-of-the-above" approach apparently means wasting precious federal revenues on failed renewable projects while bankrupting the coal industry and slapping new taxes and regulations on U.S. oil and natural gas producers.¹⁸⁴

but at the same time following on the path of Carter doctrine does not seem a bad choice for U.S. energy independence:

Just because the United States is gaining energy independence from foreign oil doesn't mean the Pentagon shouldn't remain on mission to secure energy supplies.¹⁸⁵

It is true that environment and politics aimed at its protection, as any other social "good", involve high costs and the deal about who has to pay for it – companies, consumers, governments – does not present easy solutions. But also new technologies for the extraction of oil are expensive, with the shortcoming that new wells will not be productive forever and

¹⁸² Broder, J.M., "Foes Suggest a Tradeoff if Pipeline Is Approved", *The New York Times*, May 8, 2013

¹⁸³ Broder, J.M., "Slow Start on Environment in Second Obama Term", *The New York Times*, April 24, 2013

¹⁸⁴ Beauprez, B., "Obama repeats energy mistakes of the past", *The Pueblo Chieftain*, May 12, 2013

¹⁸⁵ Baron, K., "Does energy independence equal energy security?", *Foreign Policy*, May 3, 2013

they create enormous costs for the environment. A compromise between economic and environmental interests can be for example energy conservation and a more efficient use of currently available energy sources:

Much of the industrial world will find itself caught up in the competition of two great themes – energy and security, and energy and environment. A far-reaching clash between anxieties about energy security and economic well-being on the one side, and fears about the environment on the other, seems all but inevitable. On point of convergence of the two themes is energy conservation. Another may be greater utilization of natural gas. Aside from that, the consensus necessary to solve environmental problems and at the same time meet the requirements of security, both within and among nations, will undoubtedly be as difficult to achieve as any other form of economic, political, and social cooperation.¹⁸⁶

Once again, the role of people becomes fundamental to the implementation of energy politics aimed at environmental protection and real energy security. Not only because these politics affect primarily people's lives – as in the 1970s during the two energy crisis, and as stated by former President Jimmy Carter – but also because their participation and their choices can be an effective tool to make a step forward in this sense and help changing politics. As stated by Jay Hakes, the focus of attention should be on few key areas in order to acquire the necessary support to pass legislation:

All good ideas about reducing oil dependence and greenhouse gas emissions eventually have to get enough political support to make their way through the legislature and be signed by the president. How can this happen, if political incentives encourage quick fix?¹⁸⁷

There are three key areas: the Congress, the young part of the electorate, and elected officials. While U.S. people invest a lot in the election of new presidents, they should pay more attention to who is elected in Congress. A president can stay in office for a maximum of eight years, while the Congress can deal with long-term projects, thing that is essential when dealing with issues such as those connected to energy independence, climate change and national security. Focusing attention on young people and spending resources to increase their political involvement is fundamental because all the politics the Administration implement today – especially energy and environmental ones – will affect their future. For this reason, they are often the most conscious subjects about today choices. The third point is probably

¹⁸⁶ Yergin, D., (1991), pp. 779-780

¹⁸⁷ Hakes, J., (2008), p. 226

more difficult to achieve as it consists of finding elected officials who dare to lose. This means choosing candidates who prefer action to rhetoric and who are not afraid to commit in battles – like those for diminish oil dependence and stop climate change – who presents obstacles and challenges. To pursue the idea of America Obama declared he wants to leave to next generations – an energy independent, clean and safe America - is not sufficient to design energy politics with clear aims or try to manage competing interest which regard energy security. What it is needed is a wide consensus and an active commitment of every side of the U.S. population – the Administration, the Congress, the electorate – which can be translated in a real change of politics:

The most important key to obtaining energy independence pertains to both voters and politicians. Both need to be *working for what is best for their children and grandchildren*.¹⁸⁸

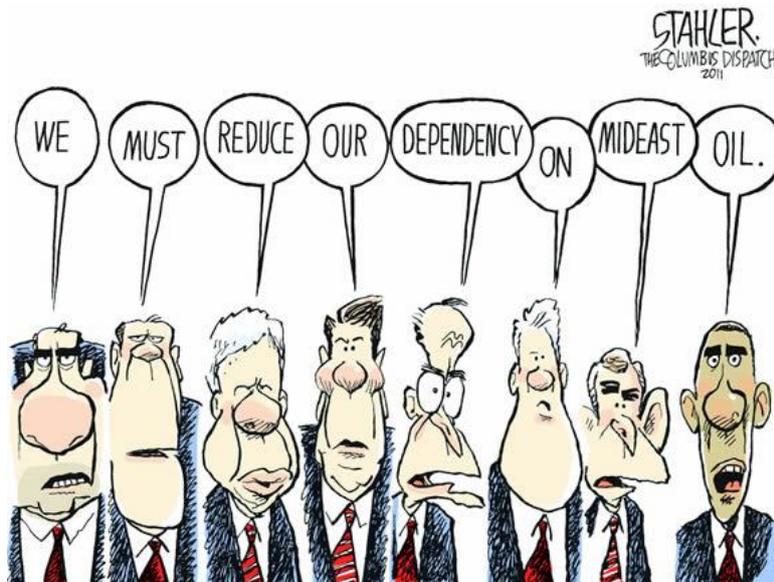
The energy politics of President Barack Obama have been influenced deeply by those of his predecessor Jimmy Carter, but this influence presents several different aspects. He has clearly been influenced for what concerns the contents of this energy plan, from increasing domestic production to investments in renewable energy sources. In particular, it can be found in the politics of both Presidents a strong commitment about politics aimed at environmental protection and climate change. But the paradox of the Obama-Carter tie lies in the deep influence that the Carter doctrine elaborated in 1980 still has on the choices of the current President of the United States. Dependence on foreign oil – but also on oil production in general – continues to be a strong part of U.S. energy plans also in 2013, fact that collides with the idea of promoting clean energy politics to guarantee a safe energy future to America. Reading the speeches and addresses about energy and foreign policy given by Carter and Obama in different occasions, several points in common can be found. Beyond the contents of their plans, both have told about the importance of people's role for the implementation of new politics, of the strength of America of rising again from crisis and of being a guide and a

¹⁸⁸Hakes, J., (2008), pp. 226-230

leader for other countries, words which can be considered a patriotic and bipartisan belief. But in the words of President Obama it can be found also another bipartisan commitment, that of protecting the United States and their vital interests through any necessary mean from any external menace:

A President of the United States should never hesitate to use force, unilaterally if necessary, to protect ourselves and our vital interest when we are attacked or menaced to be attacked.¹⁸⁹

The resemblance between these words and those pronounced by President Carter in 1980 is evident, but similar words have been pronounced also by other Presidents of the United States before Obama and for this reason that of Carter can be considered a bipartisan doctrine. It will be expensive and difficult to achieve, but if the Democratic and Republican parties are able to agree when the question concerns using military force to protect their vital interests, they should be able to be joined even when the problem is about drawing energy politics which take into consideration the abandonment of the Carter doctrine, a great lessening of oil dependence and the real building of a safe (energy) future for coming generations.



¹⁸⁹ Rocca, C., reporting the words of President Barack Obama in his article "Il cowboy Obama", *Il Foglio*, February 3, 2008: "Nessun presidente deve mai esitare a usare la forza, unilateralmente se è necessario, per proteggere noi stessi e i nostri interessi vitali quando siamo attaccati o minacciati di essere attaccati."

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