

Partial Hegemony: Oil Politics and International Order

Chapter 1. Introduction

The largest peaceful transfer of wealth across borders in all of human history began in 1973. Prior to the 1970s, a small group of companies controlled the vast majority of the world's petroleum. They kept prices low and steady. These Anglo-American companies made decisions about how much oil to produce and in which countries to produce it. That gave them enormous power over government revenues in countries like Iran and Venezuela. So in 1960, five governments got together to create the Organization of the Petroleum Exporting Countries (OPEC). It grew and hummed along for about a decade. Then in 1973, this little organization helped its members turn the tables on the most powerful businesses on the planet. They quadrupled the price of oil, seized decision-making authority, and shifted the global distribution of profits. The political and economic aftershocks reverberated for years.

Half a century later, the history of oil has taken on a renewed importance for two reasons. First, oil and energy continue to lie at the heart of international relations, often generating foreign policy failures. In the United States, a recurring quest for various notions of "energy security" or "energy independence" has generated a lot of muddled thinking over multiple decades. That lack of clarity has tangible consequences. Oil is the strategic context for various misadventures in the Persian Gulf region. It is the topic of misguided economic policies within the United States. And it is deeply connected to climate change, a challenge that policymakers have repeatedly failed to adequately address.

The global oil industry finds itself now, as it did in the 1970s, on the threshold of a massive energy transition. This time, the transition is driven by new technologies, climate change, and potentially different consumption patterns in the wake of the Covid-19 pandemic. Yet, like the 1970s, geopolitics will guide who benefits from changing market conditions. Powerful governments and firms will seek to make arrangements that drive outcomes according to their preferences. Their success, or failure, will depend on certain

fundamentals that have not changed much in the century that oil has been the world's dominant fuel. One purpose of this book is to reveal those fundamentals.

The second reason to revisit the 1970s goes beyond oil politics. In the twenty-first century, many worry that the “liberal international order,”¹ or the US position within it, is at risk. The threat is partly internal, driven by loss of social cohesion in Europe and North America. The threat is also external. The United States faces a situation of potential relative decline, especially with respect to China. The economic and political rise of China has led to a long-running debate about whether and how international order will change, or perhaps has already changed.² Theorists often try to understand that situation by looking at other cases of great power decline, like the British loss of hegemony in the early twentieth century or even the ancient Athenian conflict with Sparta. Yet so much is different about those cases, from different countries and different historical periods, that we can draw only imperfect lessons from them.

I suggest a complementary approach. We can learn a great deal by looking at how the United States itself already lost much of its international dominance, in the 1970s, in the realm of oil. Only now, with several decades of hindsight, can we fully appreciate the nature and implications of that change in status. The experiences of that partial decline in American hegemony, and the associated shifts in oil politics, can teach us a lot about general patterns of international order.

The stakes are high. International order is easy to take for granted, but it shapes our world. Governing arrangements between states, private firms, and international

¹ The “liberal international order” eludes easy definition. People typically use it to describe a set of governing arrangements, underpinned by a set of ideas, and manifested by a set of institutions like the United Nations, the International Monetary Fund, the European Union, and the World Trade Organization (Ikenberry 2000; Goldgeier 2018; Lake et al. forthcoming). They sometimes ignore that it was and is often *illiberal* (Goh 2013; Staniland 2018; Porter 2020), that it was not very *international* outside of the North Atlantic until about 1990 (Tang 2018), and that it certainly was not built in an *orderly* fashion at a single moment (Tooze 2019). Yet for all that, the phrase indicates a US- and European-led set of institutions created after World War II that has tried to buttress liberal democracies, promote economic openness, and prevent international discord (Colgan and Keohane 2017).

² Steinfeld 2010; Friedberg 2011; Beckley 2012; Goddard 2018; Weiss 2019; Goh 2019; Cooley and Nexon 2020; Weiss and Wallace forthcoming

organizations allow us to eat food imported from other countries, live safely from nuclear war, travel to foreign cities, profit from our savings, protect our natural environment, and much else. Yet, sometimes those rules break down, lose legitimacy, or fail to solve problems. New arrangements are then needed.

In much of international relations (IR) theory, a leading state, called a hegemon, is seen as shaping and sustaining the rules of international order.³ In the theory, hegemony is binary: either a state is a hegemon, or it isn't.⁴ A hegemon is supposed to be militarily dominant, the largest economy, the most technologically advanced, and it's also supposed to have control over access to key natural resources and capital markets.⁵ Theorists abstract away from mixed cases, where hegemony is not pure. In a sense, they are right to do so: theories must simplify the world to focus on the key points. In practice, however, states can dominate some but not all of the dimensions that characterize a pure hegemon. I call this situation partial hegemony.

The difference between pure and partial hegemony is complicated and significant. If partial hegemony could be plugged into theories about pure hegemony with little difficulty, all would be well, and the abstraction that theorists traditionally make would be justified. Alas, that is not true. Understanding situations of partial hegemony is both tricky and essential. The United States shifted from hegemony to partial hegemony in the global oil system during the twentieth century. In the twenty-first century, it is undergoing a similar shift in other issue areas, potentially including technological innovation, investment, health, the environment, cyber security, and even military primacy in certain areas. That shift will not look the same in each case, but it probably will have some recurring features.

The way that most theorists and policy advisors in the United States think about international order depends on hegemony. Hegemonic stability theory, developed in the 1970s, says that a hegemon is needed to create and sustain international order, and when the hegemon's power fades, so too do its governing arrangements.⁶ Certain hinge years

³ For a review of a large literature on this idea, see Ikenberry and Nexon 2019

⁴ Gilpin 1981: 29 ("hegemonic: a single powerful state controls or dominates the lesser states in the system"); Mearsheimer 2001: 40 ("A hegemon is a state that is so powerful that it dominates all the other states in the system.")

⁵ See, for instance, Keohane 1984: 32; Cooley and Nexon 2020: 27

⁶ Kindleberger 1973[1986]; Gilpin 1981

(like 1815 or 1945) play a big role when a new hegemon sets the basic rules of the game. Starting in the 1980s, some scholars modified hegemonic stability theory, arguing that international institutions manifesting the governing arrangements could survive even after a hegemon declined.⁷ These were landmark contributions. Still, under either the basic or modified version of the theory, the idea is that a hegemon typically creates order after victory in a major war.⁸ That conceptual model is still with us. It is thought to explain the current order, which includes bodies like the World Bank, NATO, and the World Trade Organization (WTO). It pervades discussions of US–China rivalry in Washington and academia.⁹

This book's contribution to IR theory, beyond oil politics, is to show how flawed and incomplete that conceptual model is. More sharp changes in international order occur in peacetime than at the end of hegemonic wars. They might be more probable then, but such wars are rare, and sharp changes in order are not. Furthermore, when those changes occur, they are always variegated. Change is embedded in continuity. There is no single international order; instead, there are multiple governing arrangements, like pixels that form a digital image. A theory of order must explain simultaneous change *and* continuity. Hegemonic decline does not equate to a monolithic loss of governing arrangements; rather, a partial hegemon can sustain and even strengthen some governing arrangements while others weaken. I show how international order operates in pieces, with a common underlying logic of when change occurs. At its best, my approach can help analysts see *change in the midst of continuity*, and *continuity in the midst of change*, that they would otherwise miss completely.

If we think of existing IR theory as a railroad system, my aim is not to rip up all of the existing track. I will leave most of it untouched. I aim to add just three ideas, analogous

⁷ Keohane 1984; Martin and Simmons 1998; Ikenberry 2000

⁸ This sentence certainly describes Ikenberry 2000. It is less clear in Keohane's 1984 book, which argues that institutions might persist after hegemonic decline but does not specify when change is expected and partly endorses hegemonic stability theory. Also, Keohane was among the first to highlight the role of non-state actors and non-hegemonic states in shaping order. My approach differs from his primarily because I focus on subsystems whereas he focuses on issue areas, as I will describe.

⁹ Mearsheimer 2001; Schake 2017; Allison 2017; Lind and Press 2018

to new pieces of track.¹⁰ The first is about *subsystems*: a collection of states and non-state actors orbiting a question of governance within an issue area like trade or finance.¹¹ Unlike “issue areas,” which scholars typically use but rarely define, subsystems are anchored by a single governance question.¹² I will show how that makes subsystems a fruitful tool for analyzing when and why international order changes. Second, I see actors using *instruments of coercion* to create and sustain international order within these subsystems. I focus especially on three instruments of coercion—military, economic, and leadership selection—and how they relate to partial hegemony. Third, I argue that two factors drive when and why international order changes: how much each of the actors *benefits* from participating in it, and the *punishments* they can expect for noncompliance. While the general framework of carrots and sticks is familiar, I flesh out the concept of *punishments for noncompliance* in ways that differ from existing work in IR. These three ideas work together: the availability of various instruments of coercion affects the punishments for noncompliance in a given subsystem, which in turn shapes international order.

My objectives in this book are three-fold. First, I explain global oil politics over the last century, informed by a new theoretical perspective. If this book does nothing else, I hope it does that. Second, I develop some new ideas about international order, which apply quite generally. My third goal is perhaps the most difficult: I seek to apply those new ideas prescriptively to the issue of climate change. Arguably the twenty-first century’s greatest global challenge, climate change is intimately tied up with questions of energy and international order. Three-quarters of the greenhouse gases (GHG) that drive climate change come from oil and other fossil fuels. Climate change is already transforming our world, having increased the size and severity of hurricanes, droughts, fires, and floods.¹³ It will get worse.

¹⁰ This analogy owes much to Max Weber, who wrote, “ideas have, like switchmen, determined the tracks along which action has been pushed by the dynamic of interest” (Weber, 1905 [2009]).

¹¹ My use of the term *subsystems* is not to be confused with how it is sometimes used in sociology (e.g., Parsons and Platt 1973) or policy studies (Sabatier 2007). My concept bears closer resemblance to “strategic action fields” in Fligstein and McAdam 2012.

¹² Krasner 1983; Keohane 1984; Martin and Simmons 1998; Adler 2019

¹³ Pachauri et al. (IPCC) 2014; Busby 2019; Colgan et al. forthcoming

Only by understanding the political conditions under which international order changes can we hope to establish effective governing arrangements for mitigating climate change and adapting to its effects. If scholars can use lessons from other areas of politics, like oil, to offer policymakers guidance for how to design climate governance, we should do so. My strategy is to move from the particular (oil politics) to the abstract (IR theory), and then back again (to climate change).

Energy Security, Independence, and Hegemony

To see why hegemony as a simple binary concept can be so misleading, start with the vexed idea of “energy security.” People often use that term without defining it. I follow the Council on Foreign Relations, which defines it as the “reliable and affordable supply of energy.”¹⁴ In this sense, energy security does rank among a country’s vital national interests. The reason is simple: countries that are cut off from vital supplies of energy, especially oil, are economically imperiled and militarily crippled. As early as World War I, political and military leaders saw that fuel shortages could prove decisive in battle. World War II drove the point home at pivotal moments like the Battle of Stalingrad or the Gulf of Leyte (see chapter 5). Military officers and strategists took that lesson to heart. Over the last century, great powers like China and the United States have constantly worried about energy security in the form of vulnerability to disruptions to the flow of oil.¹⁵

Despite this important truth, the concept of energy security is much abused. There is a tendency to take energy security either far too seriously, or not seriously enough. At one end of the spectrum, some people treat almost everything about the economics of oil as a matter of national security. Every US president since Richard Nixon has argued that the United States needs “energy independence.” Politicians typically use that term to mean eliminating oil imports by domestically producing as much as or more than consumption. Despite the political rhetoric, the United States has been a net importer of oil since about 1970, though it temporarily became a slight net exporter in 2019.

¹⁴ Deutsch et al. 2006: 3; see also Kalicki and Goldwyn 2005; Moran and Russell 2009; Ciuta 2010; Goldthau and Martin 2010; Stokes and Raphael 2010; Rosenberg 2014; Szulecki and Westphal 2018; Lind and Press 2018

¹⁵ Kelanic 2020

Arguments about “energy independence,” understood as self-sufficiency, are often misleading. They rarely make it clear how energy independence would deliver the political or security benefits to the United States that it supposedly offers. For instance, to address concerns about wartime vulnerability, policymakers might want domestic production to match military consumption. However, the United States military consumes less than 2 percent of total US consumption.¹⁶ Even if that fraction surged because of wartime needs, military consumption is never likely to be large compared to domestic production.¹⁷ In the last century, the United States has always produced at least 33 percent of its total oil consumption domestically, and the average is over 50 percent.¹⁸ These figures do not even take into account reliable oil imports from close allies like Canada, which are unlikely to be interrupted in wartime under even the most extreme scenarios. While it is true that prolonged war fighting requires civilian industry, a country can sustain industrial activity even as it drastically restricts civilian fuel consumption.¹⁹ In short, wartime energy security does not require “energy independence” in the way that most people use the term (i.e., no net importing).

Having no plausible military argument, advocates of US energy independence often fall back on the idea of potential threats to the civilian economy during peace. Even so, it is entirely unclear how “energy independence” would help solve this problem, as it would not magically shield American consumers from price shifts so long as the United States trades with global markets.²⁰ In reality, US oil companies tend to invoke energy security or

¹⁶ US Department of Defense 2018

¹⁷ A prolonged war effort would require considerable civilian consumption as well as military consumption. Yet the scenario under consideration here—that is, the United States is totally cut off from all imports for a prolonged period of time—is so extreme that this fact is unlikely to change the basic conclusion about energy security.

¹⁸ My calculations using data from *BP Statistical Review of World Energy 2018*.

¹⁹ The Covid-19 pandemic illustrates why: oil consumption temporarily fell massively in many countries with only marginal losses in industrial goods production (through reductions in civilian travel, services, and retail consumption).

²⁰ Only if the United States was willing to cut itself off from world trade by banning oil exports would it matter for consumer prices whether the country was self-sufficient. That kind of oil export ban is very unlikely because domestic oil companies would have massive financial incentives to lobby against a ban under such circumstances. (The United States did have a nominal ban on crude oil exports prior to 2015, but that ban was largely

independence when seeking higher oil prices and fewer regulations, knowing that those policies negatively affect consumers. Scholars recognize this behavior as “securitization,” in which something (e.g., oil) is labeled as critical to national security to craft a particular political narrative.²¹

When oil prices crashed in 2020 due to Covid-19, for instance, the Minority Leader of the House of Representatives, Kevin McCarthy, objected to Saudi and Russian oil supplies that lowered prices, arguing that it was “essential to America’s national security interests” that the Secretary of State take steps to address that issue.²² In other words, he wanted to raise oil prices. He did not explain how national security interests were at stake, nor acknowledge the effect higher prices would have on consumers. Similarly, in the 2008 presidential election, for instance, John McCain embraced the slogan “drill, baby, drill!” as part of his campaign. His campaign, like others before and since, did not explain why energy independence or increased oil production was a national security interest.²³

This is not to argue that there are *no* political or security benefits to domestic oil production. National self-sufficiency can have political benefits, mostly in quite specific circumstances. Yet, the supposed benefits are often invented or exaggerated. Identifying the real ones requires a sophisticated understanding of how the economics of oil relates to international security. It is precisely this understanding that is often lacking—not only among politicians and policymakers but also even among most scholars.

Indeed, many scholars tend to make the opposite mistake: underestimating the degree to which oil is a security issue. Some of the research in international political economy (IPE) makes this mistake. The 1973 oil crisis helped give birth to modern IPE: it obliged IR scholars to take political economy seriously.²⁴ At the time, most scholars saw the United States as losing its hegemony, and hence its grip over world oil. Just prior to the oil

meaningless: the country was consuming far more oil than it produced, and US oil prices tracked world prices closely—for details, see Colgan and Van de Graaf 2017)

²¹ Waever 1993; Hayes and Knox-Hayes 2014; Trombetta 2018; Allan 2018

²² McCarthy 2020 (letter to Secretary of State Pompeo, April 2).

²³ Kurtz 2012

²⁴ Hancock and Vivoda 2014

crisis, Charles P. Kindleberger had developed hegemonic stability theory.²⁵ While there were big debates about what hegemonic decline would mean for international trade or finance, the scholarly consensus was nearly universal about oil: hegemonic stability theory was essentially correct.²⁶ It seemed to explain why OPEC could upend the oil regime in the 1970s against American wishes. Even Robert O. Keohane, who rebutted parts of hegemonic stability theory in his 1984 masterwork *After Hegemony*, saw oil in this light.

Declining hegemony, however, describes only one part of the oil picture in the early 1980s. It largely omits oil's military aspects. The United States' military strength in the Middle East actually grew considerably in the decades that followed 1973.²⁷ As I show in some detail in chapter 5, its military presence is part of a set of semi-explicit governing arrangements in which the United States forbids some actors control over certain oil reserves while permitting control by others (e.g., Iraq versus Kuwait in 1990). While these arrangements have not prevented various crises and US failures in the region,²⁸ they do represent a certain kind of international order. Specifically, the order preserves state sovereignty in a way that distributes ownership of the oil fields across many rulers in the Middle East to prevent any one of them from creating an oil monopoly.

The significance of these ongoing military relationships with the Persian Gulf states became especially apparent in 1990–91, when the United States staged a massive counter-invasion in defense of Kuwait and Saudi Arabia. Writing in the early 1980s in the wake of the oil shocks and the Iranian revolution, Keohane and others were understandably focused on the United States' loss of standing in the region. With the benefit of hindsight, however, it seems only partially correct to characterize oil politics in this period as rapid change driven by declining hegemony. Instead, there was also a pattern of protective military relationships that proved remarkably durable, underpinned by US military hegemony. Thus, within this issue area, there was continuity as well change.

To sharpen the point, imagine what theorists in 1980 would have predicted about the long-term future of Persian Gulf politics. Would the United States withdraw militarily

²⁵ Kindleberger 1973[1986]. It was Robert Keohane, however, who labeled it hegemonic stability theory.

²⁶ Gilpin 1975: 217-218, 243

²⁷ Bacevich 2016

²⁸ Packer 2005; Kuperman 2013

from the Persian Gulf as the United Kingdom had done 1968–1971, or expand its military presence? With hindsight, we know the answer is expansion, but the logic of hegemonic stability theory suggests the opposite. If we see the rise of OPEC in the 1970s as a result of hegemonic decline, as most theorists do, and our concept of hegemony is binary rather than partial, then the logical extension of the theory is that the United States military presence in the Persian Gulf would wither, just as the United Kingdom's did. Yet it did not.

This problem of partial versus pure hegemony might seem simple. If it were true that the world could be neatly divided into security and economic issues, perhaps it would be easy to adapt our current theories by simply separating military hegemony from economic hegemony. Alas, the world is not so simple. Different forms of economic and military power often co-mingle in issues of energy, trade, commerce, finance, investment, health, and the environment. Oil politics, as I show in this book, is an example par excellence of this co-mingling. Even issues that initially seem purely security-oriented, like alliances, nuclear politics, or wars, turn out to have significant economic dimensions. In short, the instruments of coercion that a hegemon uses to influence politics do not map in a one-to-one fashion onto the issue areas of world politics. We need some new ideas about how powerful actors' abilities translate into international order.

Core Argument

This book is about international order and how it changes, especially in oil politics. Change in international order is the dependent variable. The term "international order" has multiple meanings, which deserve some attention in chapter 2.²⁹ For now, let's start with a conventional definition: "the governing arrangements among a group of states, including its fundamental rules, principles, and institutions."³⁰ Thinking about order in this way helps us build on existing scholarship and common usage.

My core argument is that we should understand oil politics, like many issues, as being characterized by multiple subsystems. Oil has two main subsystems. Each contains governing arrangements that create a degree of international order within it, independent

²⁹ See also Tang 2016; Acharya 2018

³⁰ Quoted from Ikenberry 2000: 23; for similar definitions, see Gilpin 1981: 111; Mearsheimer 2019: 9. Other definitions exist; see chapter 2.

of the other subsystem to a certain extent. Partial hegemons and other actors use instruments of coercion to sustain these subsystems. The availability of those instruments changes over time. What makes things quite complicated is the fact that instruments of coercion describe relations between actors, whereas order exists within subsystems. Each subsystem has specific strategic benefits for its participants, and specific punishments for noncompliance. Instruments of coercion affect those benefits and punishments, but the way they do varies between subsystems.

The previous paragraph packs in a lot of ideas quite densely. Let me unpack three of the central ideas, one at a time. The first is subsystems. It is conceptual rather than explanatory. A subsystem is a collection of states and non-state actors linked by a single question of governance within an issue area like oil, trade, or finance. Subsystems are more fine-grained than the issue areas used in regime theory.³¹ Unlike issue areas, subsystems have a central nucleus: a single question of governance that actors can directly influence, like the amount of oil produced at a given time. In other words, subsystems center on policy levers that actors can actually pull. Governing arrangements can be made about such questions. Issue areas, by contrast, tend to be ill-defined and are closer to general topics, like “health” or “finance.” Multiple subsystems can operate within an issue area, which helps explain why there can be both change and continuity simultaneously within that issue area.

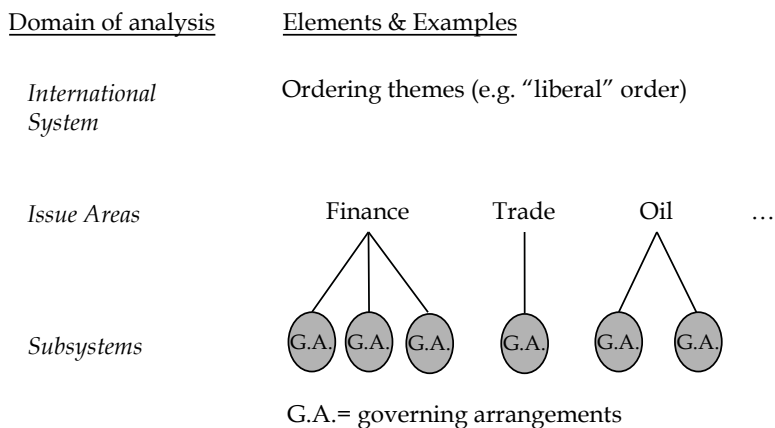
Order exists within subsystems. When we refer to the liberal order at the global or systemic level, for instance, we are really talking about a *theme* across a multitude of subsystems. Changes in the governing arrangements of a subsystem are independent of changes in the ordering theme.³² For example, we might characterize the “liberal” international order as a continuous theme of the post-1945 period without losing sight of the many significant changes in governing arrangements within that time period.

³¹ Scholars use a variety of ideas to try to disaggregate and locate international order, including “regimes” (Krasner 1983; Keohane 1984), “polycentricity” (Ostrom 2010), “regime complexes” (Raustiala and Victor 2004), “multi-level governance” (Hooghe and Marks 2003; Zürn 2010), “heterarchy” (Donnelly 2009), and “assemblage theory” (Sassen 2006).

³² Studying the theme of an order can be useful. See for example Jones et al. 2009; Barma et al. 2013; Brands and Feaver 2016; Brooks and Wohlforth 2016; Wright 2017; Colgan and Keohane 2017; Friedman Lissner and Rapp-Hooper 2018; Jentleson 2018; Rose 2019

That differs considerably from the standard IR approach to order, which misses a huge amount of what is actually interesting about politics. Typically, theorists focus on an order’s theme as it shifts in key years like 1648, 1713, 1815, 1919, or 1945. Consider, though, that between 1713 and 1815, there was the American Revolution, the French Revolution, the transnational movement to end slavery, the colonization of the Indian subcontinent, Adam Smith’s contributions to political economy, the emergence of the Industrial Revolution, and a great deal more.³³ In our own age, treating the post-1945 liberal order as continuous also ignores a great deal of change, like the establishment of US hierarchy over its allies in the Suez Crisis of 1956, the collapse of the Bretton Woods financial system in the early 1970s, the rise of Reagan-Thatcherite neoliberalism in the 1980s, the upheaval in the Soviet Union’s sphere of influence 1989–1991, the rise of the Responsibility to Protect principle of humanitarian intervention in the 1990s, the global war on terror after September 11, 2001, and the transnational spread of right-wing populism. From this perspective, the 1973 oil crisis was one of many shifts in international order that we might wish to understand. Seeing the world in subsystems is helpful for doing so.

Figure 1.1: Terminology and concepts of international order



³³ This list of events is intentionally Eurocentric, to compare it to a rather Eurocentric conventional conception of international order. A great deal more happened in the eighteenth century outside of the European sphere of influence, of course. On American- and Euro-centric bias in the study of IR, see Tickner and Weaver 2009; Acharya and Buzan 2010; Acharya 2018; Colgan 2019; Feng et al. 2019

Figure 1.1 maps the relationships between themes, governing arrangements, issue areas, and subsystems. Compared to subsystems, issue areas make it difficult to analyze different rates of change within an area. They even make it hard to *notice* that variation in the first place. Treating oil as an issue area might help explain why IR scholars of the 1980s focused on the economic changes in oil, but largely missed the continuity of the governing arrangements associated with the US military presence in the Persian Gulf. As I discuss in chapter 6, that problem is exacerbated in today's IR research by a tendency among scholars to jump straight to causal analysis without investing sufficient time in description and descriptive inference.³⁴

Oil politics is characterized by *two* main subsystems, not one. The first is economic (the "oil production" subsystem). The conventional narrative of transformation in the 1970s is basically correct about it. In this subsystem, the actors make decisions about how much oil to produce from which oil fields, largely taking the nationality of those oil fields as fixed. The second has to do with jurisdiction or sovereignty over oil, and it is underpinned by military affairs (the "oil security" subsystem). The distribution of oil fields, especially in the Persian Gulf, is crucial because it affects the global market structure and the distribution of profits. If the market structure has only a few major sellers, it is an oligopoly that could restrict access to oil supplies. Market structure is so important that great powers have fought wars to ensure that the distribution of oil fields, and access to them, was acceptable. As I will describe, a pattern of external military involvement in the Persian Gulf has remained a consistent context for the global oil industry. In other words, the oil production subsystem is different from the security subsystem, and change within them occurs at remarkably different rates.

Powerful states used "oil-for-security" deals to structure their relationships and interventions in the Middle East and North Africa.³⁵ The deals varied in their details, but essentially they offered military security to oil-producing territories in exchange for a

³⁴ Oatley 2011; Gerring 2012; King 2012; Drezner and McNamara 2013; Chaudoin et al. 2015; Bauerle Danzman et al. 2017; Winecoff 2017

³⁵ The "Middle East and North Africa" is hereafter the "Middle East." The term's meaning has changed over time. I follow a contemporary definition of the Middle East as stretching from Morocco to Iran.

certain amount of economic benefits linked to oil (though not usually oil itself).³⁶ These deals have a long history, dating back to when the protection of oil assets was an explicit motivation behind the last gasp of British imperialism. As decolonization unfolded, the role of external protector gradually shifted from Britain to the United States.³⁷ Former colonies and dependencies became legally sovereign, but the basic oil-for-security pattern in many places, like Kuwait, stayed the same. Some petrostates, like Iraq, eventually rejected the oil-for-security deals, but many others maintained them into the twenty-first century. Those deals are consequential and help maintain a territorial status quo in the region. In short, many of the same states and individuals involved in OPEC's decision to *upend* the prevailing international order decided, in the case of oil-for-security deals, to *preserve* the prevailing order. The concept of subsystems highlights and helps explain that variation.

Having made my first intellectual move about the existence and nature of subsystems, I then develop a second idea: change in an international order depends principally on the *strategic benefits* and the *punishments for noncompliance* that participating actors face. Strategic benefits are the incentives that actors have for regularizing interactions between them in a particular way within a given subsystem. For example, international trade creates mutual gains between the trading nations, which generate strategic benefits for participating in a trade agreement. The punishments for noncompliance are the risks and costs, tangible and intangible, that an actor faces by breaking the rules of an order. Noncompliance with an order creates the risk that one or more powerful actors will impose such costs. For example, the United States and Europe ramped up their economic sanctions on Iran in the period from 2010 to 2013 because of Iran's nuclear program, which they perceived as noncompliance with the Nuclear Nonproliferation Treaty. The costs of punishment are not necessarily economic—they can range from shaming to military violence.

When both the strategic benefits and expected punishments are strong, change in an international order is unlikely. Sometimes, however, world events create a shock that increases or decreases the strength of an order's punishments or benefits. If punishments for noncompliance weaken, much then depends on the strategic benefits that an old order

³⁶ Bronson 2006; Duffield 2007; Yetiv 2011; Kim 2019

³⁷ Gause 2009; Jamal 2012

offers. Those benefits vary by subsystem. When an order generates more strategic benefits than other potential governing arrangements, it is able to persist even without the threat of punishments from a hegemon or other actor.³⁸ When an order generates fewer strategic benefits than an alternative governing arrangement, however, change becomes likely unless powerful actors are willing to constantly impose discipline.

Thus, punishments play a key role in the theory.³⁹ Historically, US leadership has frequently involved tough punishments and coercion. In the Suez Crisis of 1956, for instance, the United States threatened Britain and France with economic disaster if they did not cease their support of Israeli forces in the Sinai Peninsula. (Britain and France backed down.) For decades, the United States fought and harassed various Latin American regimes in the name of anti-communism, from Cuba to Grenada to Nicaragua. Not all coercive actions count as punishments: some of them, like the US intervention in Guatemala in 1954 or Iraq in 2003, were outright violations of liberal order rather than a manifestation of its principles.⁴⁰ My point in highlighting US coercion and abuses is not to generate an ideological polemic against it. Despite its significant departures from liberalism, the United States has supported an order, until recently, that was more open and rules-based than its predecessors. The point is to learn how order is actually maintained—even when, or perhaps especially when, that order is normatively more attractive than the feasible alternatives.

My third and final core idea in this book is about the *instruments of coercion* that powerful actors use to shape strategic benefits and, especially, punishments for noncompliance. States and other actors have various instruments of coercion they might be able to use.⁴¹ Governing arrangements link powerful actors' instruments of coercion to their goals. The arrangements must “fit” with available coercive instruments to achieve those goals; otherwise, they stumble, as OPEC frequently does.

³⁸ Keohane 1984

³⁹ This emphasis differs from some of the liberal institutionalist tradition, as I explain later.

⁴⁰ Realist critics of the liberal order sometimes mischaracterize such events as manifestations of liberalism (e.g., Mearsheimer 2019).

⁴¹ Non-state actors that might have such instruments include large corporations, religious groups, and international organizations.

I focus on three instruments in this book: military coercion, economic coercion, and leadership selection. Military coercion stems from the credible threat of military force. Economic coercion stems from the ability to open or restrict access to capital, goods, resources, or other economic flows. Leadership selection involves an actor's ability to appoint or remove a political executive in a foreign polity, whether by overt means (e.g., imperial appointment of a colonial governor) or covert means (e.g., assassination of a foreign leader or coup d'état). These instruments sometimes involve brute force, not just coercion.⁴² Of course, other forms of power and influence also exist, like soft power.⁴³ I focus on these three, however, because they recur at pivotal moments in the history of the global oil industry. I suspect that is true of other issue areas, as well.

The concepts of hegemony and instruments of coercion are related. A pure hegemon has an abundance of all three instruments of coercion. A partial hegemon has the leading ability to use to some but not all of these instruments. Partial hegemony is thus closely linked to my argument's independent variables—strategic benefits and punishments for noncompliance—by way of the instruments of coercion. In turn, these factors cause changes in international order.

When a pure hegemon becomes a partial hegemon, it entails the weakening of some of that state's instruments of coercion. Theorists typically treat hegemonic decline as a decline in *all* of the hegemon's instruments of coercion. In reality, some of these instruments might decline while others remain strong or even get stronger. The transition from pure to partial hegemony undermines some governing arrangements in world politics, while leaving others largely unchanged. We should not expect that partial hegemonic decline corresponds to an equivalent partial collapse in governing arrangements. Instead, a partial hegemon experiencing a shift in its capabilities tends to reach for new or under-used instruments of coercion to achieve whichever goals still seem feasible.

⁴² Coercion requires credible threats, which means sometimes the threats must be backed with force. Yet even when brute force is applied—by militarily invading a country, for instance, or by assassinating a leader—it is also coercive because it shapes expectations for threats and demands made in future periods.

⁴³ Nye 2004

Consequently, the effect of hegemonic decline on international order can sometimes be more like squeezing a balloon than popping it. Powerful actors, seeing shifts in the available instruments of coercion, will use whatever instruments they have available to shape governing arrangements according to their preferences. By “shifts in availability,” I mean that the cost-effectiveness of an instrument of coercion changes. For instance, the United Kingdom found the threat of military coercion against countries in the Global South much more cost-effective as the British Empire in 1900 than it does as a relatively small nation in the twenty-first century. Sometimes a (partial) hegemon’s instruments of coercion change because of its internal conditions (e.g., the collapse of the Soviet Union); sometimes they change because of external conditions (e.g., a major technological or normative shift).

I am not the first to notice that power comes in different forms.⁴⁴ What is new here is the way that instruments of coercion connect to order. My framework illustrates how changes in an actor’s capabilities (e.g., partial hegemonic decline) have a complex, rather than linear, relationship with changes in governing arrangements.

Figure 1.2 illustrates how international order changes.⁴⁵ Some change in the world occurs, exogenous to the theory. That change affects the cost-effectiveness of actors’ instruments of coercion. The instruments of coercion shape the strategic benefits and punishments for noncompliance that sustain the governing arrangements in a given subsystem. So changes in instruments of coercion can reverberate through to international order—but the effect varies by subsystem. Empirically, the key step lies in understanding how the instruments of coercion affect the benefits and punishments in a given subsystem.

Figure 1.2: Simplified model of change in international order

Change in the world (exogenous) → Change in available instruments of coercion → potential change in benefits and punishments (by subsystem) → change in a subsystem’s governing arrangements

⁴⁴ Baldwin 1989; Nye 2004

⁴⁵ Making good inferences requires extensive empirical knowledge in any particular subsystem, but the basic causal process that I theorize is simple enough to sketch out.

For modern oil politics, the key exogenous change in the world is twentieth-century decolonization. Decolonization was both a cause and an effect of the reduced power of certain actors, like France and the United Kingdom. Viewed from the colonies' perspective, decolonization was a time of national liberation that gave them new legal and political capabilities for defecting from existing governing arrangements. It did not free them of all constraints, of course, especially economic ones. Still, it increased their scope of action. It also changed ideas in world politics about self-determination and racial equality.⁴⁶ Those ideational changes had consequences even for countries that were not formal empires, like the United States.⁴⁷ In Vietnam, for instance, the United States found it next to impossible to militarily impose its will, in part because of postcolonial ideas. In my theoretical terms, decolonization reduced the cost-effectiveness of some instruments of coercion, especially leader selection by external actors. After decolonization, it was rarer and more costly for great powers to choose who would run the government of distant subordinate territories. It also made economic coercion somewhat harder. Decolonization thus represents, from a theoretical perspective, a system-wide decline in the punishments associated with international order.

Thus, as a matter of research design, this book takes advantage of decolonization as a major shock to one of the two key explanatory variables. That makes variation in the theory's other key variable, strategic benefits, highly important for explaining outcomes following from decolonization. My attention to structural forces and variables does not leave me blind to the role of individuals in history, however. On the contrary, this book describes the role of people like President George H.W. Bush, Shah Reza Pahlavi, Prime Minister Margaret Thatcher, and OPEC visionaries Abdullah Tariki and Juan Pablo Pérez Alfonzo. Individual men and women make choices that guide the course of history.⁴⁸ Part of

⁴⁶ Crawford 2002; Getachew 2019

⁴⁷ Arguably, the United States acted in a highly imperialistic way toward multiple territories and peoples, including Hawaii, Puerto Rico, and the Philippines. See Go 2012; Morefield 2014; Pepinsky 2015

⁴⁸ A large research literature on the role of individual leaders in international relations exists, including Byman and Pollack 2001; Saunders 2011; Mukunda 2012; Colgan 2013a; Croco 2015; Horowitz et al. 2015; Colgan and Weeks 2015; Weisiger and Yarhi-Milo 2015; Whitlark 2017; Colgan and Lucas 2017; Fuhrman 2020

my approach is to show how individuals' agency interacts with, and is conditioned by, the structural forces of world politics.

Lessons for Energy and Climate Change

This book's three core ideas adapt existing IR theory to help make sense of real-world topic areas like energy and climate change. In energy, they help us see how the economics of oil production are related to its security dimensions—and how they are *not* related. A clearer picture helps us understand when governing arrangements will work, and when they won't.

As a concrete example to preview what is to come, my research shows why OPEC is a governing arrangement that mostly does not work, contrary to what most news headlines would lead one to believe. I tell a tale of two OPECs in this book. The first OPEC belonged to its early days, from 1960 to roughly 1974. During that time, it operated as a kind of collective bargaining unit, working against the Anglo-American oil companies. OPEC ultimately won that battle, thanks largely to a market shift in the early 1970s that favored oil producers. Starting in the early 1980s, though, OPEC's effectiveness declined dramatically. Having so thoroughly won against the major oil companies, OPEC tried to control the oil market on its own by acting as a cartel.⁴⁹ It has *almost entirely failed* in that task. In theoretical terms, OPEC has no way of imposing punishments for noncompliance on its members, and it offers little in the way of strategic benefits. Unlike the key players prior to the 1970s, OPEC has little in the way of instruments of coercion. Consequently, it is not able to meaningfully constrain its members' oil production, and has almost no long-term impact on the world price for oil.

Politicians, journalists, and even some scholars wrongly describe OPEC as a cartel, which controls or heavily influences the price of oil.⁵⁰ This is a myth. While its member states are important, especially Saudi Arabia, the organization itself is of little consequence

⁴⁹ A cartel is defined as a group of firms (or states, in this case) that creates agreements about quantities to produce or prices to charge (Mankiw 2011: 351; also see Chapter 4).

⁵⁰ For various takes on the role of OPEC, see Dahl and Yücel 1991; Claes 2001; Blaydes 2004; Victor 2008; Smith 2009; Goldthau and Witte 2011; Brémond et al. 2012; Jaffe and Morse 2013; van de Graaf 2017; Garavini 2019

today. If the institution ceased to exist tomorrow not much about the global oil market would change. Its member states would go on producing about as much oil as they did before. The significance of OPEC is not, therefore, in economics but in politics. It operates as a “rational myth”—a fiction that its members help preserve because it increases their status and prestige in international politics. Western policymakers would do well to look past that myth.

Does it still make sense to study oil politics in an age when new technologies are starting to challenge oil’s dominance? Absolutely. My work builds on a burgeoning field of research on oil and energy politics.⁵¹ Even if an impending global energy transition were swift and certain, we could still learn a lot about the underlying logic of international order by studying oil over the last century. Petroleum has been a central part of global trade, investment, alliances, wars, migration, and much else. The market for crude oil is worth between USD 1.5 trillion and USD 4 trillion annually, depending on its price.⁵² It is the most important commodity on earth, worth more than 100 times the size of the raw diamond market, for instance.⁵³ That economic value alone gives it huge consequences for international politics. To put it in perspective, annual oil sales globally are worth more than the total amount of foreign direct investment (FDI) and the total of bilateral foreign aid, *combined*.⁵⁴

A second reason it still makes sense to study oil politics is that oil is likely to remain hugely consequential for the foreseeable future. Admittedly, some analysts think oil’s

⁵¹ Hertog 2010; Lujala 2010; Barma et al. 2011; Rudra and Jensen 2011; Ross 2012; Lujala and Rustad 2012; Le Billon 2012; Stulberg 2012; Colgan 2013b, 2013d; Hughes and Lipsky 2013; Levi 2013; Liou and Musgrave 2013; Wenar 2015; Ross and Voeten 2015; Lee 2016; Glaser and Kelanic 2016; Kim and Woods 2016; van de Graaf et al. 2016; O’Sullivan 2017; McNally 2017; Stokes and Warshaw 2017; Hendrix 2017; Aklin and Urpelainen 2018; Ashford 2018; Claes 2018; Wald 2018; Toprani 2019; Kelanic 2020; Meierding 2020; Mahdavi 2020; McFarland 2020; Markowitz 2020; Fox-Penner 2020

⁵² Global oil consumption is roughly 98 million barrels per day (International Energy Agency 2018). Prices typically range from USD 40 to USD 100 per barrel.

⁵³ Global market for rough diamonds is USD 10 to 15 billion annually. Source: <https://www.bain.com/insights/global-diamond-industry-report-2017/>

⁵⁴ FDI flows are worth about USD 1.5 trillion annually (World Bank, *World Development Indicators*, 2010). Bilateral foreign aid makes up just USD 0.1 trillion (OECD 2010, “Development aid reaches an historic high in 2010,” available at: <http://www.oecd.org/dac/stats/developmentaidreachesanhistorichighin2010.htm>).

significance could decline rapidly.⁵⁵ Yet, even in the most aggressive scenarios, oil consumption is unlikely to decline to irrelevance.⁵⁶ Even if it declined by 50 percent over the course of decades—which would be a historically unprecedented rate of decline by any major energy source—the world would still be consuming about 50 million barrels per day, leaving oil as probably still the most valuable commodity in the world.

Previous energy transitions offer little reason to believe that oil is about to disappear. When coal became the dominant fuel of the first industrial revolution in the nineteenth century, it swiftly became the largest source of energy, but it did not eliminate traditional fuels like wood and biomass. Globally, those fuels are still in use today at aggregate rates higher than in the year 1800. Likewise, when oil became the lifeblood of modern economies in the twentieth century, it did not eliminate coal. On the contrary, global coal consumption grew massively in the twentieth and early twenty-first century.⁵⁷ Wind and solar energy are making great strides in recent years, but to fully displace fossil fuels would require an energy transition of a kind that has never previously occurred in all of history.

I draw lessons from oil to help policymakers better understand climate change and contemporary energy transitions. For instance, global oil politics shows that governing arrangements backed by punishments (e.g., the Seven Sisters cartel) are much more effective than those that are not (e.g., OPEC since 1980). Obvious as that might sound, meaningful enforcement was needed but missing in many climate deals, including the 2015 Paris Agreement. I lay out a path for supplying that enforcement in climate politics. It uses policy linkage and experimentation, both of which have shown success in oil politics.

To preview, I find that major economies have strong incentives to work together to create an international “climate club,” within which all member countries have minimum levels of pro-climate policy, and use trade measures such as border adjustment tariffs (BATs) against countries outside of the club. Those tariffs impose punishments on those

⁵⁵ Cherif et al. 2017; Fattouh et al. 2018; Van de Graaf and Bradshaw 2018

⁵⁶ In 2018, the International Energy Agency projected oil consumption to actually increase slightly, from 98 million barrels per day (mbd) in 2017 to 105 mbd in 2040.

<https://www.iea.org/newsroom/news/2018/february/weo-analysis-a-sea-change-in-the-global-oil-trade.html>

⁵⁷ Thurber 2019

that refuse to participate, thereby generating meaningful enforcement that has previously been lacking. Yet, the strategy depends critically on the size of the economies inside the club. Only a large climate club makes sufficient decarbonization politically sustainable over time—and that means, at a minimum, that Europe, the United States, and China, should work together. Subsystems theory is not the only road to this conclusion, but it provides a clear theoretical foundation, and helps identify opportunities for the various climate subsystems to work together.

To create a climate club backed by tariffs, American and European leaders should signal their willingness to take costly climate action, if China will do the same. China has already taken some steps to decarbonize, but as the world's biggest polluter, it must do more if the world is to meet the UN's sustainability goals. If China refuses to join a climate club, the US and EU should impose economic costs on China for that choice. They can impose costs by excluding China from access to their economies—but *only if they have not already excluded it, preemptively*. In turn, the pressing need for a climate club carries implications for other parts of American and European foreign policy, particularly with regard to “decoupling” from China. A decoupling strategy would make the job of reducing emissions even harder.

Lessons for IR Theory

Beyond energy and climate change, this book speaks to IR theory. The conventional approach to hegemony leads to sharp disagreements about the extent to which the United States is declining as a hegemon, and about the consequences of such a decline. Some scholars see an “exit from hegemony,”⁵⁸ while others—especially those looking at global finance—see no significant change.⁵⁹ These debates will not, and cannot, be resolved without understanding partial hegemony and its relationship to international order.

The problem is not just explanatory; it is also conceptual. When we refer to *the* international order, we are really referring to a huge complex of governing arrangements. We are not referring to a single object. Nowhere is an order written down in a single

⁵⁸ Cooley and Nexon 2020; Haass 2018

⁵⁹ Chaudoin et al. 2017; Norrlof et al. 2020

document, or manifested in a single organization.⁶⁰ At any given moment, some of those complex arrangements are changing, and some are relatively stable. Even if we bound the scope somewhat, for example, “the order between Western countries in the period 1945–1990,” we are still referring to hundreds of governing arrangements. Scholars treat these arrangements as though they aggregate up into order in some fashion, though how they do so is rarely spelled out.⁶¹

I suggest that it is the principles underlying the governing arrangements in important subsystems that give an international order its theme. Themes arise because powerful actors, especially great power states, participate in many governing arrangements, and heavily influence the ones they participate in.⁶² Those arrangements address particular substantive issues, like how to regulate trade or nuclear arms control. A theme exists when those governing arrangements share common underlying principles, like “economic openness” or “multilateralism.”⁶³ Great power states tend to generate themes across multiple governing arrangements to the extent that they have a coherent, consistent view about foreign policy. Studying those systemic themes can be useful.⁶⁴ To fully understand order and change, however, we also need to focus on governing arrangements.

Two key implications follow logically from the approach of locating international order at the level of governing arrangements, rather than at systemic themes. First, major power wars are not the only way order changes in a given subsystem, as many hegemonic

⁶⁰ Indeed, Elinor Ostrom (2010) argued that for many governance challenges, we would not *want* a single international order.

⁶¹ For example, Lake and Powell (1999: 4) say, “the strategic-choice approach ... *presumes* that strategic interactions at one level aggregate into interactions at others levels in an orderly manner” (emphasis added).

⁶² Pratt (2018) shows that powerful states’ influence is amplified by institutional deference within a regime complex.

⁶³ Ikenberry (2020: 18-19) points out that the “liberal” order actually carries two meanings: one is about its characteristics (e.g., what I call its theme); the other is about the liberal democracies around which the order is built. As Ikenberry says, “[US-led] cooperative security does not itself have liberal properties. It is liberal only in the sense that it is an alliance of liberal democracies.”

⁶⁴ Jones et al. 2009; Barma et al. 2013; Wright 2017; Jentleson 2018; Friedman Lissner and Rapp-Hooper 2018; Rose 2019

order theories suggest.⁶⁵ Change can, and quite commonly does, happen in peacetime. Actors take advantage of structural changes in the conditions that sustain international order in particular subsystems, namely strategic benefits and punishments for noncompliance. Second, when the international order in a subsystem is upended or modified, it is associated with institutional innovation.⁶⁶ Existing scholarship shows *why* states create and maintain international institutions: as a way of minimizing transaction and information costs.⁶⁷ I focus on *when* actors create or change international institutions.

Looking across a range of subsystems, we can see how strategic benefits and punishments for noncompliance give us clues about when to expect governance arrangements to be effective and durable. Subsystems with strong benefits and punishments, like the anti-conquest rules enshrined in Article 1 of the United Nations Charter, or the Anglo-American oil oligopoly of the 1950s, are the most likely to generate governing arrangements that genuinely modify actors' behavior. Initiatives like the 2017 Treaty on the Prohibition of Nuclear Weapons, which offers very weak strategic benefits to the countries that actually have such weapons and no mechanism to punish them for noncompliance, are very unlikely to alter behavior. Other subsystems, like those involved with controls on capital flow across borders or the Universal Postal Union, are mixed cases. I explore how my theory can be applied to those and other subsystems in chapter 6.

My work does not fall neatly within the confines of any of the three dominant schools of thought in international relations, namely, realism, liberal institutionalism, and constructivism. I borrow from and build on each of them. For instance, my understanding of hegemony, international order, and issue areas follow from debates between liberal institutionalists and realists.⁶⁸ My attention to the punishments for noncompliance as an explanatory factor reflects the typically realist emphasis on power and predation in a world of anarchy. And I share the constructivist view that change in international order

⁶⁵ Ikenberry 2000; Lascurettes 2020

⁶⁶ This is a descriptive rather than causal claim, because institutions and order are mutually constitutive. See Chapter 2.

⁶⁷ Keohane 1984; see also Lipsky 2017

⁶⁸ Waltz 1979; Gilpin 1981; Krasner 1983; Keohane 1984; Keohane and Martin 1995; Ikenberry 2000, 2020; Mearsheimer 2019

necessarily involves ideas, and that actors' preferences are not fixed or permanent.⁶⁹ Also, constructivists are typically sensitive to "rival collective images," or visions of alternative governing arrangements, in ways that other scholars are not.⁷⁰

Even though I agree with existing scholarship far more than I disagree, it is useful to highlight the disagreements. My argument differs from many liberal institutionalist accounts in two key respects. First, I focus on subsystems rather than issue areas as a way of disaggregating world politics. I have already touched on my reasons for this focus, and will say more in the next chapter. Second, my theory incorporates both strategic benefits and punishments for noncompliance. In that sense, it serves as something of a bridge between liberalism and realism. Liberals tend to emphasize strategic benefits, but too easily overlook the role of punishments.

Liberal institutionalists, especially American ones, sometimes gloss over how coercion and force sustain international order.⁷¹ John Ikenberry, for instance, argues that in the postwar era, "The United States became a provider of public goods—or at least 'club goods.' It upheld the rules and institutions, fostered security cooperation, led the management of the world economy, and championed shared norms and cooperation among the western-oriented liberal democracies."⁷² In this American-led order, states "conduct relations on multilateral platforms—bargaining, consulting, coordinating."⁷³ This description offers a noble vision of the United States' role. There is a hint, in the statement that the United States "upheld the rules and institutions," that a hegemon might use coercion and force, but only in a positive, even heroic, sense. It neglects the extent to which hegemons use coercion and force to advance their own interests in ways that other actors oppose and resent.⁷⁴ This is especially true outside the North Atlantic region.⁷⁵ Realists,

⁶⁹ Including, *inter alia*, Wendt 1999; Finnemore 1996, 2004; Cox and Sinclair 1996; Finnemore and Sikkink 1998; Hurd 1999; Blyth 2020; Buzan 2004; Mattern 2005; Hurrell 2007; Avant et al. 2010; Phillips 2010; Reus-Smit 2013, 2018; Goh 2015; Zarakol 2017; Adler 2019; Matthijs 2020

⁷⁰ Cox and Sinclair 1996; see also Finnemore and Jurkovich forthcoming

⁷¹ Gruber 2000; Norrlof 2010; Staniland 2018; Porter 2020. On American blind spots in the study of IR, see Colgan 2019

⁷² Ikenberry 2018: 15

⁷³ Ikenberry 2018: 16

⁷⁴ Gruber 2000; Lake 2011

too, sometimes overestimate the benign hegemony of the United States.⁷⁶ Some describe international order as “Pareto optimal,” implying that it rests on voluntary consent.⁷⁷

Compared to liberals, most realists are more likely to pay attention to punishments in international relations. Yet, punishments for noncompliance are not a structural variable that follows mechanically from the distribution of material capabilities, as some realists would suggest.⁷⁸ Powerful actors’ ability to punish depends significantly on norms and ideas as well as material capabilities.⁷⁹ For example, racist ideology, social fragmentation among colonial peoples, and other intangible factors allowed empires to dominate relatively easily until the early twentieth century.⁸⁰ When ideas changed, the colonies’ risk of punishment for acts of noncompliance declined substantially. Even if material capabilities were all that mattered, punishments would not be automatic. They depend on choices made by living, breathing people with agency, as well as the nontrivial politics of identifying instances of noncompliance.⁸¹

A smaller subset of realists suggests that international order is a largely empty concept that describes little more than the interactions between states.⁸² They point out, correctly, that international institutions are rarely able to constrain powerful states,⁸³ but that fact hardly means that international order is meaningless or that institutions are

⁷⁵ The North Atlantic area is presumably the closest example of what Ikenberry (2000: 52) described as a constitutional order, in which participants “willingly participate and agree with the overall orientation of the system.” It was a special case in that it occurred among relatively like-minded, wealthy, liberal democracies, leading to high strategic benefits and a low need to impose punishments for noncompliance. Even then, coercion, noncompliance, and punishment occurred.

⁷⁶ William Wohlforth (1999:38, quoted in Monteiro 2014:10), for instance, says “the existing distribution of capabilities generates incentives for cooperation.” It gives the United States the “means and motive to ... ease local security conflicts” (1999: 7-8).

⁷⁷ Krasner 1991; Lake, Martin, and Risse [forthcoming]

⁷⁸ See, for instance, Waltz 1979

⁷⁹ Like Reus-Smit (2018: 216), “I align with those who acknowledge the importance of changing material conditions, as these have enabling and constraining effects on action, but who deny that these are, in themselves, determining.”

⁸⁰ See Doyle 1986; Abernethy 2002; Spruyt 2005; Wimmer 2012; Lawrence 2013

⁸¹ Goddard 2018

⁸² Schweller 2001; Glaser 2019. Other realists see come to very different conclusions: see Gilpin 1981; Mearsheimer 2019

⁸³ Schweller 2001: 163

irrelevant. The debate between realists and others on this subject is an old one.⁸⁴ I do not wish to rehash it, except to make two points. First, international order does not require institutions that can bind powerful states. Instead, governing arrangements can sometimes nudge states' decisions, relative to the counterfactual in which those arrangements did not exist. Governing arrangements work by regulating perceptions, modifying incentives, and, perhaps, by shaping state preferences or identities through a long-run process of socialization.⁸⁵ Much evidence supports this idea.⁸⁶ Second, even this limited role for the governing arrangements of an international order can have important consequences. While I illustrate some of those consequences in subsequent chapters, the general point can be made swiftly. Suppose that an international trade regime adds only a small amount of growth to a nation's economy in a given year. Over time, this matters a lot for the same reason that a compound interest rate matters a lot for retirement savings. China's more rapid growth than America's since about 1990 illustrates this point. For all these reasons, I view international order as a question of first-rate importance.

With constructivists, I have few sharp disagreements, but one is fundamental. The liberal-realist definition of international order that I adopt refers to a set of rules or institutions that create or influence a pattern of relationships and behavior between actors, rather than the pattern itself. Rather than an *output*, international order is an *input* to behavior.⁸⁷ It is in this sense that scholars and policymakers refer to the UN or the World Bank as part of the international order. Constructivist scholars often dislike this input-output distinction because an order's rules and institutions are not fully separate from behavior, and they matter only to the extent that they shape actors' practices and beliefs.⁸⁸ After all, if actors ignore the *de jure* rules, as states did with the 1928 Kellogg-Briand Pact that supposedly outlawed war,⁸⁹ then those rules do not constitute international order.

⁸⁴ For an introduction, see Mearsheimer 1994; Schweller 2001; Keohane and Martin 1995; Simmons 2000; Phillips 2010

⁸⁵ Keohane and Martin 1995

⁸⁶ In a large literature, see Keohane 1984; Milner 1997; Barnett and Finnemore 2004; Pelc 2010, Davis 2012; Carnegie and Carson 2017

⁸⁷ Glaser 2019. Another common use of "international order" is as a synonym for stability, but that is not helpful if we are looking to explain when and how much change occurs.

⁸⁸ Goh 2013; Sending et al. 2015; Reus-Smit 2018; Adler 2019

⁸⁹ The Kellogg-Briand Pact was signed in August 1928, though not ratified until 1929.

Constructivists prefer to see international order as an ever-changing emergent property based on how actors behave. There is real insight there. Unfortunately, constructivists tend to go too far: by obsessively emphasizing agency and change, they lose sight of structure and continuity. Treating order as both input and output simultaneously also creates certain analytical problems, as I describe in chapter 2. I hope to show, instead, that studying norms,⁹⁰ practices,⁹¹ and fields⁹² can enrich and infuse the idea of international order as an input to behavior. Table 1.1 summarizes these points.

Table 1.1: Comparison to Existing Ideas in IR

	<i>Partial Hegemony</i> compared to:		
	<i>Realism</i>	<i>Liberal Institutionalism</i>	<i>Constructivism</i>
Agree on	<ul style="list-style-type: none"> • Actors usually pursue narrow self-interest • Actors regularly punish and prey upon others 	<ul style="list-style-type: none"> • International order defined as governing arrangements • Actors often seek mutual gains 	<ul style="list-style-type: none"> • Norms, ideas, and identities have causal influence on behavior • Actors create “rival collective images” of political possibilities
Differ on	<ul style="list-style-type: none"> • Significance of governing arrangements in IR • Punishments depend critically on ideas, norms, and actors’ choices 	<ul style="list-style-type: none"> • Subsystems, not issue areas, as key way to disaggregate world politics • Punishments as crucial for sustaining order 	<ul style="list-style-type: none"> • International order as an input to behavior, not an output

Finally, scholars from many parts of the field have been groping toward an understanding of international relations as a complex, adaptive system, rather than as deterministic and Newtonian.⁹³ Their insight is that generalizable patterns of behavior are recurring but not permanent. The challenge is incorporating that insight without destroying the whole basis for social science, namely that we can learn from the past. Subsystems theory offers a way out of that trap by distinguishing the features that are historically specific from those that give changes in international order a common underlying logic.

⁹⁰ Finnemore and Sikkink 1998; Barnett and Finnemore 2004

⁹¹ Adler and Pouliot 2011; Bueger 2012; Sending et al. 2015

⁹² Bourdieu 1984; Adler-Nissen 2012; Musgrave and Nexon 2018

⁹³ Jervis 1997; Gunitsky 2013; Katzenstein and Seybert 2018; Oatley 2019

Road Map for the Book

My analysis focuses on global dynamics, rather than particular countries or regions. For oil, the politics of OPEC and the Anglo-American engagement with the Persian Gulf take center stage. Other significant oil producers, including Russia, Norway, Canada, and China, receive little attention. This is not because they are unimportant. But on the scale of the global market, they lack the market share and concentration of oil reserves to shape the main political dynamics. The world's highly integrated market has hinged primarily on the members of OPEC and their most powerful external partners.

The book proceeds as follows. Chapter 2 develops my subsystems framework for analyzing international order. The chapter identifies change in international order as my dependent variable, and shows how the other variables work to explain such changes. It also operationalizes these concepts for the global oil system, to explain why international order was partially preserved and partially upended in the wake of twentieth-century decolonization.

The next three chapters show how the theory can explain oil politics. Chapters 3 and 4 address political economy, while chapter 5 focuses on security. That makes this book somewhat unusual: most scholars of international relations specialize on either security or political economy, not both.⁹⁴ Global oil politics, however, is too intertwined with military and economic dimensions to follow the standard approach.

Chapter 3 follows the rise of OPEC. It returns to the question of how the oil companies known as the Seven Sisters lost control of the world's oil production. This oligopoly consisted of British Petroleum, Royal Dutch Shell (a Dutch-British company), and five American companies. Three of those—Gulf Oil, Texaco, and Standard Oil of California—later merged, incrementally, to become Chevron. The other two were Standard Oil of New Jersey (Exxon) and New York (Mobil), now merged as ExxonMobil. These firms and their governments held the pre-OPEC order together by using both the threat of punishments (quasi-imperial power) and strategic benefits (market incentives). Racism and social

⁹⁴ See Cappella, Ripsman, and Schilde 2020; Colgan 2020a

hierarchy buttressed those relationships.⁹⁵ Eventually, dissatisfied policymakers like Abdullah Tariki of Saudi Arabia and Juan Pablo Pérez Alfonzo of Venezuela created OPEC. They sought an economic sequel to decolonization. They cooperated effectively in the period 1960 to 1974 to shift the structure of the global oil market as first the threat of punishments and then the strategic benefits of the old order declined. A wave of nationalizations gave petrostates decision-making authority over production, along with the majority of the industry's profits.

Chapter 4 explains why OPEC has stagnated as an organization. From the early 1980s onward, OPEC has sought to act as a cartel that limited world oil supply, stabilized prices, and raised long-term average revenues. It has proved thoroughly ineffective in that effort, because it no form of punishments for noncompliance. My analysis shows that its members cheat on their commitments 96 percent of the time. Worse still, cheating is only one of OPEC's problems. The members of OPEC agree to only those commitments that reflect what they were going to do anyway (mostly), even in the absence of OPEC. It persists as an organization partly out of inertia and partly because it offers political benefits to its members. National leaders like the late Venezuelan President Hugo Chávez have capitalized on OPEC's prestige and status.

Chapter 5 describes the second of the two main subsystems in modern oil politics. As oil became the preeminent military and economic commodity in the twentieth century, powerful states sought to preserve their control over global oil production, even in the face of decolonization. Territories gained independence to become petrostates, sometimes reluctantly. Many of them faced threats and wanted external protection. The identity of the principal external protector in the Middle East gradually changed from the United Kingdom to the United States as imperialism receded. A meeting between King Abd al-Aziz Al Saud of Saudi Arabia (known in the West as Ibn Saud) and President Franklin D. Roosevelt aboard the *USS Quincy* symbolized the launch of an oil-for-security deal. Later, newly independent states like Kuwait and others developed their own versions of a deal. Some of those deals later ruptured, but many still exist and continue to shape dynamics in the Persian Gulf.

⁹⁵ Vitalis 2007

Recognizing this second subsystem fills in some of the gaps in the conventional wisdom about international order.

Part II of the book moves beyond oil. Anyone wanting to know how to analyze subsystems in their own area of interest should look to chapter 6. It starts by showing how my subsystems framework lends itself to a particular method or approach to research. That method encourages analysts to really get to know the empirics of their subject before jumping to causal analysis, as is unfortunately common in political science.⁹⁶ The chapter then addresses some additional theoretical questions not covered in chapter 2. For example, it identifies the standards of quality by which we can assess subsystems analyses, and considers how changes at the subsystem level aggregate up to affect an ordering theme at the systemic level (e.g., the liberal order). My goal is to show how others can apply the subsystems framework in an analytically fertile way.

Chapter 7 applies my theoretical ideas to climate change. To date, there is only a weak international order for climate. Still, I suggest that there are four emerging subsystems for climate politics, associated with emissions reductions; climate-related capital; negative-emissions technologies; and the climate-trade nexus. My analysis then turns quite prescriptive. I see the fourth subsystem as especially important for generating punishments for noncompliance, to be applied to actors who refuse to adopt policies that reduce carbon emissions. A “climate club” of states with relatively green policies could, and should, use trade measures to support a more pro-climate international order.

The final chapter returns to where we began, addressing the general questions of international order. A recurring lesson of the book is that scholars and analysts often look for international order in the wrong place. They focus on the order’s theme or its issue areas rather than its governing arrangements. After briefly summarizing the book’s argument about a better way—focusing on subsystems—this chapter turns to two additional topics. First, the world is currently experiencing a significant energy transition toward renewables in the context of climate change and technological change.⁹⁷ I use my

⁹⁶ Oatley 2011; Gerring 2012; King 2012; Drezner and McNamara 2013

⁹⁷ Kern and Rogge 2016; Sovacool 2016; O’Sullivan et al. 2017; Jaffe 2018; Van de Graaf and Bradshaw 2018; Goldthau and Westphal 2019; Bazilian et al. 2019; IRENA 2019; Van de Graaf et al. 2020

subsystems framework to assess what the global energy transition might mean for international order, and vice versa. One lesson that follows from my analysis is that US policymakers should pay careful attention to the benefits of oil-for-security arrangements in the Persian Gulf region before too lightly abandoning them. Those deals have helped avoid wars. While there are some compelling reasons to change the US relationship with various petrostates in the Middle East, those advocating for change should be mindful of the potential unintended consequences.

The second topic is what the subsystems framework can offer for understanding international order in the twenty-first century. The US-led international order cannot rely too heavily on leader selection or militarily punishing actors for noncompliance. Instead, international order in each subsystem will depend critically on the strategic benefits that it offers. Geopolitical rivalry will matter greatly for these benefits. Actors will evaluate them in a relative sense, especially if China or others create alternative governing arrangements to US-led institutions. My previous research with Nicholas Miller showed that in the past, rival great powers used three mechanisms—competitive shaming, outbidding, and international cooperation—to shape the explicit and implicit bargains struck between great powers and other actors in the international system.⁹⁸ Those same mechanisms are likely to shape great power rivalry in the twenty-first century.

Ultimately, this book is about how to create and sustain international governing arrangements that actually work. Climate change makes the need for improving such arrangements even more urgent than it normally is. If policymakers are going to make governing arrangements that work, they must understand international order and what makes sustained, deep cooperation possible. The United States, especially, will have to demonstrate greater restraint and wiser pursuit of its opportunities than it has shown in recent years.

⁹⁸ Colgan and Miller 2019. On bargains between great powers and other states, see Lake 2011; McDonald 2015