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The Culture of Subordination and the Deep Contradiction of OPEC

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Abstract
Organization of Petroleum Exporting Countries (OPEC) came into being principally to check at the temporary level and totally eliminate at a permanent stage the exploitation that exists in a North- South relationship. International relations had been full of exploitative tendencies by the North over the South such that even the designing of those rules and regulations that govern the global community were so designed in such a way that they favour the North over the South. One would have expected that in an international oil politics where in the South was highly favoured in reserves and production, the story would change in such a way that such oil producing nations would be seen to be in control indeed. This is more so with the coming of OPEC and especially with the fact that OPEC's entry into international oiul politics was not in any way a coincidence as it was actually an intentional act meant to destroy the culture of subordination entrenched in the Southern developing nations. In essence, OPEC was expected to represent an extraordinarily big departure from what international relations had been to such an extent that continued dependence, reliance and subordination would gradually but consistently be done away with. OPEC therefore not only represented a southern collective bargaining organ but was seen, even in consideration of the basis of its entry into global oil politics that the culture of subordination that had consistently been linked with the South would considerably whittle down. It can therefore be said that OPEC has always been a very important organization in re designing whatever may be an existing lopsided relationship between the South and the North. It has therefore remained surprising, shocking and disappointing that despite the criticality of OPEC to the international community and its potential at designing a new role for the South in international politics and relations, the North-South relationship had neither changed in any dramatic form at the general international relations level and at the stage of international oil politics. This work therefore aims at finding out specifically why, despite notable potentials of an OPEC at reducing if not totally eliminating the culture of subordination, that culture has remained in virtually every relationship between the North and the South. The work employs an interpretative methodology at analyzing the data. This it does by critically appraising the basis under which OPEC came into being with a view to indicating the proper linkage and relationship that exists between OPEC's move into international oil politics and destroying exploitative tendencies of the North over the South. Different literature such as journal articles, books, internet materials and newspapers were exhaustively made use of towards working at the methodology. Cases explored in the work include the pre OPEC years and what the oil companies represented before OPEC came into being, the immediate factor responsible for an OPEC in international oil politics, what culture of subordination implies in the North- South relationship, the case of the dependency theory and the continued sustenance of the culture of subordination in spite of OPEC.The work finds out that even though OPEC was meant to reduce and finally eliminate a culture of subordination, a focus and attention on oil as an income generating organization has considerably affected the effectiveness of OPEC in international oil politics in particular and international relations in general. It concludes that until OPEC is finally structured and designed beyond that of revenue generation, the culture of subordination may well but continue.
Keywords: Subordination, OPEC, Contradiction, Oil, Oil Politics.

1. Introduction

The coming of OPEC introduced an entirely new dimension into oil politics beyond what it ever was. This is because it was the very first time in the history of the global community that an opportunity would arise at taking up the Northern developed technologically advanced nations by those countries that had been considerably entrenched and subsumed in the culture of subordination. Before OPEC came it was a master-servant relationship that existed between the North and the South which interestingly was carried over even to the case of oil. This was in spite of the advantage that oil placed in terms of reserves and production in the hands of the Southern oil producing nations. It would therefore have been expected that OPEC would continue to represent a change in what was supposed to be the old North-South relations, but unfortunately it has not. This therefore has made it necessary to find out why in spite of the element of power that oil represented in an OPEC, the culture subordination has continued unabated. The work is divided into four sections. The first views the pre OPEC years from the perspective of what the oil companies represented before OPEC came and why it became necessary and imperative that OPEC must be introduced as a Southern coercive bargaining organisation. The second section critically examines what the culture of subordination is in a North-South relationship and specifically how OPEC is well placed to eliminate the culture, while the third analyzes why that culture still continues to exist in spite of the potentials in an OPEC. The fourth section concludes.

2 OIL COMPANIES AND AN EXTENSION OF THE STATUS QUO: THE PRE-OPEC YEARS

The period before the OPEC control of the 1970s was extensively used by the Northern developed nations to control all activities that relate to oil. This period was therefore one in which the Northern control of Southern developing nations was extended to the politics of oil. This was because their home countries backed virtually every action of oil companies.

For most of the twentieth century, the international oil system was controlled by a producer cartel[1]. By 1973, the cartel consisted of an oligopoly of seven international oil companies[2]. The "Seven Sisters" were made up of five American (Standard oil of New Jersey now known as Exxon, Standard oil of California, now known as Chevron; Gulf now part of Chevron; Mobil and Texaco), one British (British Petroleum) and one Anglo-Dutch (Royal Dutch-Shell). This was reinforced by the fact that by the early twentieth century, even though oil production continued to climb and by 1920, production had reached 450 million barrels, the US produced between 60 and 70 percent of the world's oil supply. Oil was only discovered in Mexico at the beginning of the twentieth century, in Iran in 1908, in Venezuela during World War I and in Iraq in 1927.By the early twentieth century therefore the control of oil was almost absolutely in the hands of the North, the oil companies had their headquarters in the North while reserves also favoured the North.

It can hardly be doubted therefore that the home countries of these companies extended the existing control and authority over the Southern States where the oil reserves were situated and also effectively used the period to ensure that the "Seven Sisters" controlled oil activities in the international community. To the North therefore, only by maintaining and retaining the control can the status quo be firmly rooted. From the period in which oil became a critical product to the international community and until OPEC took firm control; the North extended its political and economic authority to oil.

What clearly demonstrates that the "Seven Sisters" represented an extension of the Northern hold on the South was that by the late 19th century, the oil companies had moved abroad to obtain control of foreign supplies on extremely favourable terms[3]. To ensure that such control was as firm as possible, immediately after World War I, the seven companies had moved further forming joint ventures to explore for foreign oil fields and eventually in the 1920s they began to divide up sources of supply by explicit agreements.

The companies did this by dividing markets and fixing world prices and by discriminating against outsiders[4]. The discrimination not only indicated that the "Seven Sisters" intended to be in firm control but was a strategy to make it impossible for the new sources of supply to form the same type of cartel. This clearly shows two things, the first being that the cartelisation that the North consistently opposes and condemns in OPEC was not only in existence in the days of the "Seven Sisters" but was in fact given strong support by the North. The second is that the "Seven Sisters", and by extension the North, had, several years before the formation of the OPEC envisaged its formation and had worked extensively against its establishment.

This the "Seven Sisters" did by not only keeping outsiders out of all operations of the Seven Sisters but in giving every support it could muster for the oil industries. The evidence that the North saw in these seven companies, an opportunity to extend the initial control it had on the South is in the fact that governments in the North (the USA, Britain and Holland) provided a favourable political and military environment to actively support the oil companies owned by their nationals. In Iran for instance, the crisis over a new agreement with the Anglo-Iranian Oil Company, which invariably necessitated a nationalization of the Company's assets, brought the British government in confrontation with the Iranian government and actually contributed immensely to the demise of the then Iranian government. The United States which played a notable role in bringing the Iranian government down also did all within its power to ensure that her (US) companies replaced the Anglo-Iranian Company.[5]

It could not have therefore come as a surprise that in bargaining with the oil companies, the less developed oil producing countries were confronted with two major and fundamental obstacles; an oligopoly supported by powerful Northern governments as well as uncertainty about the success of oil exploration and the

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[1] Spero, J. E.1990. *The Politics of International Economic Relations.* New York, St. Martins Press..261

[2] See Adelman A. M.1972. *The World Petroleum Market.*
Baltimore, John Hopkins University ; Hartshorn J.E. 1967..*Politics and World Oil Economies: An Account of the International Oil Industry in its political environment.* New York, Praeger; Penrose T. E.1969. *The Large International Firm in Developing Industry.* Cambridge, MIT Press; Sampson,. A.1978. *The Seven Sisters;The Great Oil Companies and the World they made.* New York, Viking.

[3] Mikdashi, Z.1966. *A Financial Analysis of Middle Eastern Oil Concessions: 1901 – 1965.* New York, Praeger; Issawi C. and Yegaleh M.1962. *The Economics of Middle Eastern Oil* .New York, Praeger. 24-40.

[4] Penrose T. E. 1969. *The Large International Firm in Developing Industry.*Cambridge, MIT Press. 223.

[5] Schwadran, B.1955. *The Middle east, Oil and the Great Powers,* New York, Council for Middle Eastern Affairs.103-152.

availability of alternative sources of supply.[1]

Unfortunately, because new discoveries when they came were made during colonialism, the hold of the North on the South did not reduce with those discoveries. Since many of the new oil discoveries occurred in areas dominated by Britain and the Netherlands; in the Dutch East Indices, as well as Iran and British mandates in the Middle East it only increased the Northern control on the South. Invariably, by 1919, Britain controlled 50 percent of the world's proven oil reserves.[2]In essence, both production and reserves favoured the North.

Invariably, even when policy makers and the oil industry focused their attention on the Middle East, particularly the Persian Gulf, which they believed would be the center of post war oil production; it did not in any way alter the Northern control on oil. As early as the 1930s therefore, Britain had gained control over Iran's oil fields, while the United States discovered oil in Kuwait and Saudi Arabia.

The struggle for control of the Middle Eastern oil fields was followed by the formation of a cartel by the seven major oil companies. Efforts of the companies to establish a monopoly, or rather an oligopoly over the production, refining, marketing, etc. of oil were aimed at establishing an international cartel to regulate prices and competition in such a way as to guarantee profits to all members of the cartel.[3]

There were however clear indications of the lack of consensus of the Northern nations even in these early years. For instance, after the First World War, a bitter struggle for control of World oil reserves erupted. The British, the Dutch and the French excluded American companies from purchasing oil field in territories under their control. The United States' Congress had to retaliate in 1920 by adopting the Mineral Levy Act, which denied access to American oil reserves to any foreign country that restricted American access to its reserves. Probably due to the congress' decision, the dispute was ultimately resolved in 1920 when American oil companies were finally allowed to drill the British Middle East and the Dutch East Indies.[4]

Events immediately after the Second World War however introduced dramatic changes to the position of oil in the international community. In the first place, relatively inexpensive imported oil became the primary source of energy for the developed World, and both Western Europe and Japan, with virtually no oil supplies of their own, became significant importers of oil.[5]

Secondly, when by 1950, US oil consumption outdistanced its vast domestic production; the United States had very little choice but to become a net importer of oil. Thirdly, the 1950s coincided with when growing nationalism and the great success of oil exploration made it imperative that the host countries insist on better concessionary agreements. The effect was a redefining of the basis for royalty payments at a fifty-fifty division of profits between the companies and their respective host governments.[6] Invariably, profits accruing to host governments increased significantly, with the per-barrel payment to Saudi Arabia rising from \$0.17, which it was in 1946 to \$0.80 in 1956.[7]

In spite of these perceived achievements that can be viewed as remarkable, the "Seven Sisters", also known as the Majors, continued to dominate the system. By controlling almost all the World's oil reserves, they were able to manage the price of oil. They were also able to continue maintaining control over both the upstream and downstream operations by ensuring that outsiders were blocked from crude oil exploration and production as well as from refining, transportation and marketing operations.[8] Certain other events however introduced dramatic changes to the oil industry.

By the mid-1950, for instance, companies that were initially and previously not active in the international oil business obtained and successfully developed concessions with nations such as Algeria, Libya and Nigeria. Between 1952 and 1968, the production of the "seven sisters" reduced from 90 percent to 75 percent[9].

In the oil producing states also, changes in elite attitudes, improved skills, less uncertainty and more especially, the emergence of new competitors, increased the bargaining power of the host governments[10]. The producer states now obtained larger percentages of earning and provisions for relinquishing exploited parts of

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[1] Edwards G. G. 1971. Foreign Petroleum Companies and the State in Venezuela. *Foreign Investment in the Petroleum and Mineral Industries* M. F. Raymond et al; Eds. Baltimore, John Hopkins University Press. 101-128.
[2] Ibid.115.
[3] Ibid.126.
[4] Ibid.
[5] Wells, D. A. 1971. Aramco; The Evolution of an Oil Concession . *Foreign Investment in the Petroleum and Mineral Industries* Mikesell et al Eds; Baltimore, John Hopkins University Press.87.
[6] Ibid,89.
[7] Adelman A. M.1972. *The World Petroleum Market.* Baltimore, John Hopkins University.207.
[8] Richard, A. & Waterbury, J. 1990. *A Political Economy of the Middle East: State, Class and Economic Development.*Boulder: Westview Press.115.
[9] Wilkins M,1974. *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 197*0. Cambridge, Mass; Harvard University Press. 386-387.
[10] Spero.1990.264, op cit.

concessions in the negotiations with emerging oil companies[1].

As would be expected, the oil producing states, especially large producers such as Libya and Saudi Arabia increased their earnings and began to accumulate significant foreign exchange reserves[2]. The foreign exchange reserves gave the governments the strength and power needed to absorb any short-term loss of earnings from an embargo or production reduction, designed to increase the price of oil or to obtain other concessions[3].

To worsen the reduction of the "Seven Sisters" control on the oil industry, changes that occurred at three different levels (the international oil industry, the oil producing states and the oil consuming states) invariably affected the control and authority of the "Seven Sisters"[4]. The first change was that competition increased upstream, with new players seeking concessions to explore for and produce crude oil. The second change was that in the downstream operation, more refineries were built with competition growing in markets for refined oil[5].

More than any other issue however, the depreciation of oil prices served as the major event, which introduced a cartel of oil producers as against the cartel of oil companies that existed before it. Even though oil prices went through a steady increase during World War II, it faced a sharp decline after the war. While the oil majors were successful in avoiding sharp changes in prices in the 1950s, increased supplies of oil from North Africa and a rise in exports from the Soviet Union, forced the oil companies to reduce the posted prices of oil in 1959 by 18 cents and again in 1960 by 10 cents[6].

While the reductions were not large, their impact was a shock to the producing countries. The most outstanding change was that it provided the oil producing governments that unique opportunity to co-operate with each other. Frustrated with the price cuts which invariably reduced their tax receipts, five of the major petroleum – exporting countries – Iran, Iraq, Kuwait, Saudi Arabia and Venezuela – met in 1960 to discuss unilateral action by oil companies and decided to form an Organisation of Petroleum Exporting Countries, to protect the price of oil and revenues of their governments[7].

The most successful effort of Southern countries to alter their dependency relationship with the North was the common action of OPEC in seizing control over the World's oil market. By acting together in a producer cartel, the Southern oil-exporting states were able to increase not only their economic rewards but also their political power.

> The five nations that formed OPEC met in Baghdad in what can be referred to as a mood of excited confidence. Sampson quoted the owner-editor of the Middle East Economic Survey, Fuad Itayim, as stating, "the price cuts might precipitate the establishment of what some delegates chose to call "a cartel to confront the cartel" and Sampson agreed, "it had precisely that effect"[8].

The first resolution of OPEC made it clear that their chief enemy was the oil Companies as they declared

> That members can no longer remain indifferent to the attitude heretofore adopted by the oil companies in effecting price modifications; that members shall demand that oil companies maintain their prices steady and free from all unnecessary fluctuation; that members shall endeavour, by all means available to them, to restore present prices to the levels prevailing before their reductions. [9]

The establishment of OPEC in September 1960 came not only as a protective reaction following the unilateral reduction of the export price of oil by the transnational companies, but was also aimed at gaining economic sovereignty in the development of its members' major and sometimes sole source of livelihood.[10]

Six major forces actually existed in the oil industry before the emergence of OPEC in 1973.[11] The first major force were the giant international companies which straddle the whole industry, both across geographical and across economic levels. The oil companies were grouped into two by Tanzer; the first being the seven major integrated international oil industries (the "international major") such as Standard Oil of New Jersey, Royal Dutch Shell, Mobil, Texaco, Gulf Oil, Standard Oil of California and British Petroleum. The second were the 20 – 30 generally smaller oil companies that have ventures into the international oil industry during the 1950s and

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1 Ibid 264.
2 Ibid.266.
3 Ibid.267.
4 Penrose, .1966.248-263. op. cit.
5 Spero, 1990.263, op cit.
6 Ibid.30.
7 Mikdashi, 1962, op cit.
8 Sampson, A.1978. *The Seven Sisters; The Great Oil Companies and the World they made.* New York, Viking.174.
9 Ibid.175.
10 Mikdashi.1980.1, op.cit.
11 Ibid, 21-29.

1960s in a significant way, they were companies otherwise referred to as "new comers" or the "international minors" such as Phillips Petroleum, Standard Oil of Indiana, ENI etc."

The second major force was the home government of the international oil companies either headquartered in their country or controlled by their citizens. The United States was by far the most important Western government for the international oil industry since it was home to five of the seven majors and most of the important newcomers. Great Britain was the second most important Western Oil power, having a Government-owned) majority share in one of the seven majors (British Petroleum) and a 40 percent share in the remaining one (Royal Dutch Shell). The 60 percent share of Royal Dutch Shell controlled by Dutch citizens gave Holland an important stake, even if it was a passive role, in international oil. The stake of France resided both in the state-owned ERAP and in the partially government-owned Compagnic Francaise ders Petroles (CFP), which was sometimes considered by eight of the international majors because even though small, shared production facilities with the Seven Majors in the Middle East. Japan was home to one of the important newcomers, the Japanese Arabian Oil Company, while Italy was equally home to the ENI. West-Germany, Spain and other Western European countries also sought to promote newly formed oil companies controlled by their own citizens.

The third major force was the group of oil-exporting underdeveloped nations which were the well-spring of the enormously profitable international oil flows; the most important of which before the 1973 oil embargo were four Middle Eastern countries of Saudi Arabia, Kuwait, Iran and Iraq, as well as two North Africa nations (Libya and Algeria).

The fourth major force was the Soviet Union, which Tanzer claimed derived much of its influence from resurgence in the 1950s to its historical position as an important oil exporter.

The fifth force was the group of international organisations such as the International Monetary Fund (IMF), The World Bank and The United Nations.

The sixth was the underdeveloped oil-importing nations such as Communist China, Topoland, Brazil, Tanzania, India and Ceylon.

For both the founder members and those who joined later, OPEC provided a means for collective defence vis-à-vis a number of shared threats. These include; the pricing and production policies of the transnational companies, which affected the budgetary receipts of the Organisation and the economic policies of their major trading partners – the Western industrialized countries that maintain oil-exporting countries in a relationship of dependence as mere suppliers of raw materials[1].

On a more general level, OPEC members had to face the predicament of poverty among their populations and the sense of vulnerability, which is derived from the fact that their economies are narrowly based on oil. Moreover, OPEC has proved to be their means of defence against a repetition of the collective boycott faced by Iran between 1951 and 1953, which was imposed by the transnational oil companies. It has also served as a mechanism for coordinating the members' strategies with respect to prices, industrialization and aids[2].

2.1 SUBORDINATION OF THE SOUTH ON THE NORTH

Dependency, both as a term and phenomenon has a direct linkage to the developing nations of the world. Whenever copious reference is made to dependency, there has always been a likelihood to view the term principally from the reliant state of the Southern developing nations on the Northern developed countries. In essence dependency through a long history of reliance has come to be associated with the South. While the world is therefore generally divided into two economic spheres- the North made up of wealthy developed countries and the South comprising of less developed nations, the international economic system is no more than a creation and design of the industrialized or developed nations, specifically that of the United States, Europe and Japan. The question has consistently arisen as to why such a wide gap exists between the North and the South. Three major factors have been identified as being responsible for the inequality. The industrial revolution which first came to Europe and later to North America brought in its wake, industrialization and by extension, wealth and technology. This invariably put the nations of the North at an obvious advantage over the South as wealth and technology became an advantage in sophisticated weapons that overpowered the less technically endowed people of the South.

The second factor was the great need for primary products to fuel Northern factories and as would be expected the search for markets led to increased direct colonization and indirect domination. Due to the developed nations' need for raw materials from the outside, the rules governing international economic relations were established to favour the finished products much more than the raw material. The argument is that if the developed nations had been greatly endowed with raw material, which they needed to exchange for finished products from the outside, the raw material would more likely than not have been given greater priority, far and

[1] Mikdashi, 1980.2„ op cit.

[2] Migdal, J. 1980.*Strong Societies and Weak States: State Society Relations & State Capabilities in the Third World,* Princeton, Princeton University Press, 85, 1980.

above the finished product. Third factor is that nationalism intensified this process as countries sought colonies to enhance their status. The result was the exploitation of the South to benefit the industrialized countries and such pattern existed for a century or longer in some cases. In essence, due to the long period of domination of the South by the North, the South remains economically disadvantaged in its relationship with the North despite the attainment of political independence. In many ways therefore the international economic system has not benefited the South, as rules governing international economic relations were designed to be of immense benefit at all times, and on a regular and persistent basis, to the developed and industrialized nations of the North.

The emergence of oil as a raw material essential to the developed nations' economies questioned initial explanation of permanent asymmetrical economic relations between the North and the South and indicated the importance of asymmetrical power relations. So essential was oil to the Western economy by 1975 that Otubanjo[1] described it as a chief source of energy in the developed economies and one for which no short-term substitutes existed. That statement has been corroborated in recent times, by OPEC Secretary-General, Alvaro Silva-Calderon[2] and Nigeria's former oil minister, Professor Tam David West.[3] Those who therefore produced and still produce it in large quantities have continued to have in their control a major political weapon, which could and did have profound consequences for the economies of the West.

In response to Third World demands for a greater voice in world economic affairs, the United Nations Conference on Trade and Development (UNCTAD) had been convened in 1964[4]*. Meeting every four years, it provided, especially till the early 1980s, a forum in which the underdeveloped nations aired their various complaints about the existing world trade and monetary arrangements. This solidarity amongst the developing nations reached a peak in the aftermath of the 1973 Middle East War when the Organization of Petroleum Exporting Countries (OPEC), a hitherto passive organization formed in 1960, imposed an embargo on the shipment of oil to industrialized countries deemed to be hostile to its political views, and followed this with a quadrupling of the posted price of crude petroleum within a period of twelve months.*

Since the international order is essentially based on power relationships, it was not surprising that the success of OPEC contributed immensely to a transformation of the North-South relations by contributing a great impetus to a North – South dialogue. Before 1973, the attitude of the Less Developed Countries (LDCs) had been one of over-reliance on the North for the direction the International economic system would take. It was no more than a relationship in which the LDCs relied on economic analysis and humanitarian appeals to support their 'demands'. Immediately after the Middle East crisis, however, the dramatic success of OPEC appeared to substantially shift the balance of bargaining power in favour of the Third World. The LDCs accordingly assumed the posture of an aggrieved party demanding just recompense for past wrongs, in particular for the "unequal exchange" embodied in the past pattern of centre-periphery trade. OPEC pressure clearly indicated that the world economy had become increasingly more complex than that which can be sustained by old rules.

Until the Arabs applied the oil boycott, it was widely believed that a nation had to be economically developed in order to be economically powerful. Economic development was equated with economic power, and certainly a lack of economic development was equated with absence of economic power. The revelation of the crisis was profound to say the least. It revealed that Saudi Arabia, much less economically developed than Western countries, could be globally much more economically powerful. Economic power was thus divorced in a rather dramatic manner from too tight an embrace by technological criteria. Economic power itself could thus derive not necessarily from technological and industrial achievement, but from the possession of certain resources critical for the achievement of others.

Unfortunately, rather than maintaining the pressure, an over-reliance on oil as a source of income rather than as a weapon considerably weakened the position of oil as a potential Southern weapon. All price increases have therefore not been more than a bargain-taking place within an old framework and not a change of international structure. It is in this sense that the longer year of Southern dependency comes into play. It explains the clash that exists between two types of dependencies, one that is structural and which has been there for well over a century and another that is product, which became apparent over thirty years ago. The dilemma of the product dependency to the North is represented in its long years of dominating the South. The product dependency however threatens the long year of the structural dependency. It is however important to examine how much the longer years of Southern dependency have affected utilising the Northern product dependency to Southern benefit and advantage. It is important to note for instance if oil, in spite of its benefits to the South, still operates under the old pattern, and has therefore not been able to

[1] Otubanjo, F. 1989, Nigeria since independence: The First 25 Years. *Phases and Changes in Nigeria's Foreign Policy since Independence.* Akinyemi A.B. et al. Eds. Ibadan, Heinemann Educational Books, 3.
[2] Silva-Calderon,A. 2003, Interview; December 8.
[3] David – West,T. 2004, Interview; March 20.
[4] Onimode,B. 2000, Africa in the World of 21st Century, Ibadan, Ibadan University Press, 55.

effect any notable change in North-South relations. This might represent another major dilemma of dependency.

The argument of this work is that the geographical accident that places abundant reserves of oil in the South, but its need and consumption in the North creates an element of power for the South which ought to have appreciably affected the Northern domination on the South. More than any other case, the 1973 oil embargo and its attendant consequences indicate very clearly the hold of the South on the North. There may however be the need to confirm if the same Northern dependence on oil as it was in 1973 still currently exists and if it does, why it has not translated into any notable change in the North-South relation.

The lessons of the Arab oil embargo very clearly demonstrated the fact that the Northern developed nations could be pressurized into effecting changes in their relations with the South. The fact was made that the South needed to however; take certain actions that would involve an effective utilization of that power that was in their hands to make it imperative, if not mandatory, for the North to effect the changes. It is therefore in this perspective that the attitude of both Britain and West Germany can be viewed. Even though both nations were long-term friends of Israel, the embargo forced them to ban arms shipment to the Israeli nation. In an attempt to appease the Arabs, London was forced to stop American transport plane from landing in British territory.

But by far more important was the fact that the North did not have to present a common front at all times, contrary to the impression created by the consistent antagonism to certain OPEC policies. The establishment of such organisations like the IEA suggests that the North is always in the position to work together under a united front as against the South that tends to be disunited. This seems to therefore explain why the South has continued to play a dormant and lack-lustered role in international oil politics in spite of the control and authority of oil that is in their hands.

The experience of the 1973 oil embargo clearly suggests that with notable pressure from the South, the North can itself be disunited as it could not present a common front to the pressure and punitive measures of the South. This is a pointer to the fact that the North is presently taking initiatives in international oil politics only because the South has failed to utilize its element of power as means towards a political force. The case of the 1973 oil embargo was quite revealing as it served as perhaps the only period in the history and events of international oil politics when oil was effectively utilised as a political force. This clearly indicates the very wide gap that exists between utilising a product for purely economic benefits as against a political force.

The Lome convention, hailed as ‘a new model for relations between developed and developing states, compatible with the aspirations of the new international community towards a more just and balanced economic order’[1] can therefore be viewed from this perspective. The convention was no more than the direct effect of earlier pressure on the North, which resulted in an entire change in the bargaining strategies of the Southern developing nations. It is in the same light that the British package that supported minimum earning guarantees for countries which depended upon a few key exports can be viewed. This confirms Amuwo`s assertion that only a coup d’état against the present economic order can bring enough pressure on the North to accede to Southern requests.

2.2 OPEC AND CONTINUED CULTURE OF SUBORDINATION

There was a continued influence of the structural dependency on the Southern oil producing nations in spite of the potentials of oil. This is done first by indicating that the technological importance of the oil industry makes it imperative that a lot in terms of the control and authority in oil politics still resides with the North. In essence, even though, reserves and production are at the advantage of the South, the actual control in the politics of oil still remains with the North. Secondly, there is the clear indication that the “Seven Sisters” of the pre-OPEC years not only still exist but continue to exert considerable influence on oil producing nations even after OPEC came into existence. This is demonstrated in the continued influence of oil companies in the affairs of oil producing nations especially as exemplified in issues relating to technical expertise. This has considerably reduced whatever advantage oil reserves and production could have given to the Southern oil producers.

This therefore shows that the international politics of oil is basically an extension of wielding the Northern control over the South. It indicates that what the North first did through its initial control of oil by its seven sisters extended eventually beyond OPEC. The “sisters” that not only had their headquarters in the Northern developed nations, also had the full support of these developed countries before OPEC.[2] In fact, the North did not hesitate to provide favourable political and military environment to actively support the oil companies owned by their nationals. One would have expected that such control would have been brought to an abrupt end with the introduction of OPEC but a lack of authority on the technology of oil had made this impossible to achieve.

[1] Turner, L. 1983. OPEC. J. Pearce. Ed. *The Third Oil Shock: The effects of Lower Oil Prices.* London, Royal Institute of International Affairs, 177.

[2] Spero, J. E. 1990. *The Politics of International Economic Relations.* New York, St. Martins Press. 261.

The second means of control by developed nations that were supposed to be subservient in oil was through an indirect control of oil producing nations or even a direct intervention in the producing nations' internal affairs. This gives the very important impression that to the North the fear of utilising oil as a Southern weapon is not only germane, but has remained a recurring feature. This is evident in the contradictory posture of the North to the oil issue. While the developed nations continued to work at alternative sources of energy that will de-emphasise the credible position of oil in the international community, they also sought to build their own oil power. The two positions are contradictory. This is in the sense that if oil is no longer important, there cannot be a need to build a power base within the developed nations on the product. Both positions, even though contradictory, however, indicate that the Southern element of power is viewed with seriousness by a North that will do everything to de-emphasise the oil power.

This has continued to serve as one of the fundamental deficiencies of the international oil politics and most especially serves as the inherent contradiction in the politics of oil amongst nations. This is because while the South views oil as an income and a revenue generating product through which it can consistently amass wealth for itself, the North sees oil as basically a potent political force in the hands of the South. The Northern developed nations therefore work consistently at ensuring that they de-emphasise a force that the South has always hesitated to exploit. It can therefore be claimed that the North seems to be aware of the potency of the Southern oil power and realizes the possibility of the element of power assuming a political weapon in the hands of the South. The emphasis on oil as a major revenue drive rather than a political weapon however destroys the product's effectiveness as a political force.

The ineffectiveness of oil as a potent political force is also explained by the subordinate position of the South which has remained for years and to such an extent that the nations find it difficult to recognize an element of power or work at exploiting it as a political force. In the first place, the South is more comfortable with treating the North with respect in the international politics of oil. This is evident in the conducive environment that the Southern developing nations strenuously work at meeting in the marketing and supply of oil to the North. Invariably therefore, the South works consistently at full supply capacity and thus ensures that there is fair distribution of oil on a regular basis. This is however, at variance with the international economic system which lays more emphasis on inequitable distribution of resources.

The North also sees its relationship with the South from different facets, whereas the relationship of the developing countries of the South to the developed countries of the North has largely remained as it was since colonial rule.[1] For each of the oil producing developing nation, to exploit the weapon that the oil power portends, against a North that the South has so much respect for, has continued to be a problem. The South therefore finds it difficult, if not totally impossible to reach a consensus in issues that relate to the North, especially when it involves taking a punitive measure.

Furthermore, the South allows the North into its decision on oil and the developed nations therefore manipulate the oil producers into working for, rather than against its interest. This is particularly distracting when it is noted that whatever means that can be employed towards exploring oil as a political weapon will require that certain punitive measures are taken, one time or the other, against the developed nations. Involving the same North in such a decision therefore becomes a great disadvantage and goes a long way in neutralizing whatever effort might be in place towards employing oil as a weapon. Furthermore, the South views itself not as a monolithic unit in circumstances when their interests are same, but view issues from a factitious position on such diversionary units as the Arabs, the Africans, the Latin Americans and even the Asians.

Each of such groups views interests from the unit rather than from the collective. This not only affects a collective decision but ensures that fundamental decisions are only taken when such are in the interests of a particular group. This explains why the oil embargo remained a decision of only the Arabs, to be employed by OPEC much later. The embargo itself was no more than one targeted at an Arab, rather than the totality of oil producing nations' interests.

One of the problems of analyzing international oil politics is to limit and restrict such analysis to the pricing of oil in the international community. There has always been the tendency to view the value of oil specifically from its prices with the impression created that when the price of oil reduces in the international market; its value has also reduced. The consistency in the shortfall of Northern developed nations, which has however, not reduced at any point since1960, indicates that even in periods of low pricing; the dependence of the North has been intact. There is therefore a need to detach low pricing as a measure of value from a consistency in shortfall. To effectively measure dependence and the importance of oil to the international commodity, it might be necessary to use the level at which different regions meet their consumption levels with production, rather than the pricing of the commodity. This is because; while the pricing might be artificial and might not necessarily be due to any notable increase in the value of oil, the consistency in the shortfall of production as

[1] Richard, A. & Waterbury, J. 1990. *A Political Economy of the Middle East: State, Class and Economic Development.* Boulder: Westview Press.115.

against consumption in the North will clearly indicate dependence.

An incontrovertible fact is that the South finds it convenient to depend on the North for an improvement in its disadvantaged position in the international economic system. This makes it obvious that the precarious position of the South in international economic relations has not garnered enough importance to the South for it to assume a primary contradiction among the developing nations. In essence, the different contradictions still exist in the South and take prominence over its disadvantaged position.

It is equally an established fact that the North is desperately in need of the product and in essence has put in place certain strategies; for instance, it overlooks punitive actions against terrorism in exchange for uninterrupted supply of oil and also puts in place a Strategic Petroleum Reserve policy in which an appreciable large quantity of oil is stored for emergency purposes. At the same time, it interferes in internal and domestic politics of Southern oil producing nations, using other excuses as basis and justification for intervention to ensure uninterrupted supply.

This work goes on to emphasize the view that in spite of various strategies and attempts at reducing the oil power, the Northern developed nations have faced one difficulty or the other that accentuates their dependence. The study reveals that the OPEC policy has not helped the South at exploring the position of oil in the international community. To this end, the work has identified certain important and critical facts in the politics of oil especially as it affects relations between the North and the South. That the failure of oil at being employed towards effecting an improved economic relation is consequent on the following factors; that the Southern developing nations have not seen the necessity to use oil as a total Southern product and therefore still view oil from the perspective of OPEC, non OPEC as well as Arab oil producing nations.

To worsen the deep division of the South to issues relating to oil, the focus and attention in OPEC has favoured the Arab members of the organization more than others in the organisation. This is evident in the fact that the 1973 oil embargo and other skeletal efforts before it were mainly meant to satisfy an Arab interest, rather than being a total Southern cause. It could therefore be understandable that in placating the oil producers, the attention of the Northern developed nations was on the Arabs.

Unfortunately, the non-use of oil as a total Southern product and for a total Southern interest has introduced these two consequences; allowing the North to employ a divide and rule strategy in which alternative supplies of oil are available to the North from non-Arab nations and making it possible for the non-Arab nations to assume an indifferent attitude and posture to any Arab punitive measure. Invariably, the credible position of oil in international circles has been adversely affected. Rather than a situation in which oil's critical nature is employed as the necessary weapon against the North, to pressurize for better relations, OPEC has unfortunately had very notable deficient strategies that have again reduced the oil power. Oil for instance, to OPEC is an income and not a weapon as the treatment of oil given by OPEC is to ensure that proper revenues are generated for oil producing nations. Invariably, OPEC encourages regular and prompt supply of oil to the international community; a strategy that is totally at variance with the politics of scarcity that evidently recorded achievements in the past.

Above all, OPEC policy on membership leaves a lot of important oil producers such as Mexico out of its fold. The earlier control of OPEC, which gave it tremendous achievements in the past, has therefore over time been lost to non-OPEC nations that have continued to be of deep negative effects to the position of oil in the international community.

5. Conclusion

Although, by a geographical accident the reserves of oil favour the Southern developing nations, the great need, demand and consumption continue to be in the North. This places dependence of oil on the North and therefore establishes oil as an element of Southern power. Unfortunately, the South has not effectively utilized the dependence. This might not be too unconnected with the fact that the Southern developing nations have been consistently immersed in the culture of subordination. This is more so as the culture of subordination has a deep and significant historical continuity in the Southern developing nations and such phenomena do not necessarily disappear even when a notable element of power is placed on these nations. They tend to linger rather than lose their strength. Irrespective of this fact, oil remains an element of Southern power, what has continued to be missing is an effective utilization of this power at redesigning the international economic system. Given this, whether or not there will be any notable change in the international economic system through the credible position of oil will depend on the whole, on how the South treats the issue of oil as a collective group.