



## EASTERN MEDITERRANEAN POLICY NOTE

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### Bridging the “New Realities” of the 1980s with those of the 2010s: Joseph Nye’s echoes from the past and Donald Trump’s energy dominance doctrine

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In the autumn of 1980 Joseph Nye published an outstanding article, titled “Energy Nightmares”.<sup>1</sup> After a decade sealed by the two Oil Crises of 1973 and 1979, Nye was pragmatically elevating the issue of energy security from the level of domestic policy to the national strategy one in a globalized environment. In other words, energy security was becoming more and more part of an international political context, rather than a case of strict technically economic discussion. Talking about oil transactions, Nye underlined that during 1960s and 1970s, the US “*failed to recognize the realities of changing world politics*”.<sup>2</sup>

Going some steps further, Nye mentioned two basic ironies. On the one hand, the tactical choice of US administration to consider energy security as a low-profile policy, without being a focused pillar of the national diplomatic and foreign policy agenda, left this issue mainly being handled as an economic matter.<sup>3</sup> On the other hand, the high value, importance and confidence given by the US policies to the market forces and their tendency to arrange things and bring balance by themselves, left room to others and specially OPEC to undisturbedly manipulate oil production and prices in a manner that baldly defied not only US national power and its role as a decisively influential global player, but its role as a free economy and commerce expert as well.<sup>4</sup> The panacea of the markets’ “invisible hand” was rocked at great expense for the US national interest.

Being blindly confident to market forces, no strings attached, the US missed the connection between energy markets – oil trade at that time – and fundamental international political events such as the decolonization, the rise of nationalism, the politicization of oil production and prices, the shift to an era of jingoism consciousness from the so called “petrostates” of the Middle East and Arab

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<sup>1</sup> Joseph S. Nye, “Energy Nightmares,” *Foreign Policy*, no. 40 (1980): 132, <https://doi.org/10.2307/1148345>.

<sup>2</sup> Nye, 135.

<sup>3</sup> Nye, 136.

<sup>4</sup> Nye, 136.

states.<sup>5</sup> Oil prices turned into a lever for exerting pressure in the hands of OPEC, leaving the US trying to recalibrate its energy security priorities and fulfil its energy needs, with its ideological and conventional “totem” of the markets’ smooth operation, being blurred and inefficient.

Trying to dissolve these “nightmares”, Nye pointed out some landmarking propositions. Sketching, in practice, an energy security strategy based on the whole picture, including economic and political aspects, he shaped a field where energy would be considered as a national interest topic. This field entailed international implications and was positioned at the higher levels of US politics and policies, not as a procedural economic issue, but as a fundamental national challenge in terms of national survival and power. In this whole picture, Nye put US’ allies entanglement in a prominent position and brought energy security at the core of the national security strategy.<sup>6</sup>

Nye’s propositions can be summarized as follows:<sup>7</sup>

- a. It is not enough for US to achieve energy independence. US should be able to address its allies’ energy vulnerabilities as well.
- b. Exposure to prices volatility or to markets’ manipulation it is not just a matter of imports. US should augment its stockpiles and enhance supply diversification. This kind of targets should be served by any available grid of policies.
- c. Prompt reactions and direct readiness are desiderata of a successful energy security strategy. Long term aims such as larger use of renewable resources are optative, but energy security often rises as a short and mid-term issue. US should be able to have quick answers to immediate and sudden problems.
- d. Supply security and price moderation are interlinked concerns. OPEC is not the only factor that could affect markets and its production policies can be met by using alternative routes of supply, purchasing oil from non-OPEC countries, or applying a broad national strategic reserve policy.
- e. Energy security is a complex task with international range. It is not an easy one, neither a simple economic quest for markets’ stabilization. It includes a states’ power game and US should be able to exert its power over the energy field beyond its military undisputed competitiveness.

Two decades later, the US was entered the new millennium confronting several challenges in a once more changing global environment. As Escribano and Valdés point out, oil – among other resources like natural gas – reshaped “new realities”, reemerging energy security issues in a more complex context, including geopolitics, energy power shifts, agitated power balances and markets’ volatility.<sup>8</sup> Since the early 2000s, the altering field of world politics has been posing Putin’s

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<sup>5</sup> Nye, 138–39.

<sup>6</sup> Nye, 141.

<sup>7</sup> Nye, 141–46.

<sup>8</sup> Gonzalo Escribano and Javier Valdés, “Oil Prices: Governance Failures and Geopolitical Consequences,” *Geopolitics* 22, no. 3 (July 3, 2017): 694–700, <https://doi.org/10.1080/14650045.2016.1254621>.

Russia as an upcoming challenger to the world's political order.<sup>9</sup> Additionally, the grave economic crisis of US during 2007-2008, gave countries such as China and India the opportunity, while ameliorating their economies and achieving high development rates, to show up as rising powers seeking influence and a more important role in global affairs.<sup>10</sup> While the spike of hard power projection was moving from military means to economic and energy resources ones, in a globalized consensus that trade, markets and interdependence are the contemporary global political realm, the discussion about the declining US influence and power took place without curtailing.<sup>11</sup> It is useful to mention here that the average oil price during 2008, when the economic crisis in US peaked, was about 95\$/barrel and during 2011 and 2014, when the big fall of oil prices happened, the average price fluctuated from 99\$ to 112\$/barrel.<sup>12</sup>

2010s found the US trying to recover economically in a reshaped scenery. Russia's plan to regain great power status via becoming an energy superpower seemed to be fruitful. China's growth was expressed by means of increased interest in energy resources and OPEC countries enjoyed high oil prices in a period of growing demand.<sup>13</sup>

But the "new realities" of the new millennium had a useful wildcard for US to keep its position of power in the energy game, at least. And beyond that, another important factor was coming to change world politics views for US too: leadership embellished with nationalistic idealism and domestic economic structures such as the oil and gas industry that were keen to offer support and fulfillment. These dimensions can be described by two sentences: shale revolution and Donald Trump.

The technology of fracking, also known as horizontal drilling and hydraulic fracturing, first appeared in 1862 and was patented in 1865.<sup>14</sup> The extensive use of fracking technology in late 1990s, when the combination of the two techniques, hydraulic fracturing and horizontal drilling, initiated commercially, mainly for the extraction of natural gas.<sup>15</sup> In 2010s, the maturation of these technologies led to the "Shale Revolution" and the boom in US shale or tight oil production.<sup>16</sup> As EIA stated in March 2013, "*monthly crude oil production in the United States is*

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<sup>9</sup> The Economist, "The Challenger," *The Economist*, December 9, 2004, <https://www.economist.com/node/3471877>.

<sup>10</sup> Harsh V. Pant, "India in the Asia-Pacific: Rising Ambitions with an Eye on China," *Asia-Pacific Review* 14, no. 1 (May 2007): 54-71, <https://doi.org/10.1080/13439000701330577>.

<sup>11</sup> Arvind Subramanian, "The Inevitable Superpower: Why China's Dominance Is a Sure Thing," *Foreign Affairs* 90, no. 5 (2011): 66-78.

<sup>12</sup> BP, "Quandl.Com," Crude Oil Prices from 1861, April 22, 2018, <https://www.quandl.com>.

<sup>13</sup> Kathrin Keil, "The Arctic: A New Region of Conflict? The Case of Oil and Gas," *Cooperation and Conflict* 49, no. 2 (June 2014): 166-71, <https://doi.org/10.1177/0010836713482555>.

<sup>14</sup> Manfreda, "The Real History of Fracking," OilPrice.com, April 13, 2015, <https://oilprice.com/Energy/Crude-Oil/The-Real-History-Of-Fracking.html>.

<sup>15</sup> Jon Gertner, "George Mitchell, Father of Fracking," *The New York Times*, December 21, 2013, <http://www.nytimes.com/news/the-lives-they-lived/2013/12/21/george-mitchell/>.

<sup>16</sup> Scott Cline, "Technology Helping to Accelerate the Shale Revolution," [energyindepth.org](http://energyindepth.org), April 15, 2013, <https://energyindepth.org/national/technology-helping-to-accelerate-the-shale-revolution-2/>.

*expected to exceed the amount of U.S. crude oil imports later this year for the first time since February 1995*".<sup>17</sup>

The impact of the "Shale Revolution" in the U.S. gas and oil production was so immense that several analysts claim that it created a new dichotomy point in the U.S. oil history timeline, the "pre-shale era" (1997-2008) and the "shale era" (2009-present).<sup>18</sup> Affecting production, job seats, prices and national economy, the shale technology pointed out as a "game-changer" factor in 2013.<sup>19</sup> Indeed, in 2014 the U.S. became the world's biggest oil producer, surpassing Saudi Arabia and leaving Russia at the third place, with the largest oil production growth in more than 100 years.<sup>20</sup>

In October 2015, under the strong support of Republicans, the House of Representatives voted to lift the US 40-year ban on the export of crude oil, with a 261-159 vote result and 26 Democrats voting in favor of it.<sup>21</sup> Despite the White House's opposition under Barack Obama's presidency, that decision was totally altering US domestic policy and the global economics of oil. The huge plunge in oil prices at the end of 2014, the rise of the shale revolution, the support of oil and gas industry and the competition between "sheiks and shale", became a central issue in US' political agenda.<sup>22</sup>

The second major pillar of 2010s US "new realities" was Donald Trump. Donald Trump made his intentions promptly very clear by his first 2016 campaign ad.<sup>23</sup> With his powerful "*We will make America great again*" slogan, an American foreign policy based on fossil fuels was introduced.<sup>24</sup> The relation between Trump and the oil industry was getting stronger as in May 2016, he was the Keynote

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<sup>17</sup> Reuters Staff, "U.S. Oil Output to Surpass Imports for 1st Time since 1995 -EIA," Reuters, March 20, 2013, <https://www.reuters.com/article/usa-oil-imports-eia/u-s-oil-output-to-surpass-imports-for-1st-time-since-1995-eia-idUSL1N0CC2VA20130320>.

<sup>18</sup> Jude Clemente, "The Relationship between Oil and Natural Gas Prices?," Trane-Commercial, June 28, 2017,

<http://commercial.trane.com/content/trane-commercial/north-america/us/en/about-us/newsroom/blogs/the-relationship-between-oil-and-natural-gas-prices-.html>.

<sup>19</sup> Steve Austin, "American Oil Revolution," oil-price.net, January 2, 2013, <http://www.oil-price.net/en/articles/american-oil-revolution.php>.

<sup>20</sup> PTI, "US Becomes World's Biggest Oil Producer in 2014, Surpasses Saudi Arabia," The Economic Times, June 10, 2015,

<https://economictimes.indiatimes.com/markets/commodities/us-becomes-worlds-biggest-oil-producer-in-2014-surpasses-saudi-arabia/articleshow/47616052.cms>.

<sup>21</sup> Suzanne Goldenberg, "House Votes to Lift Crude Oil Export Ban despite Opposition from White House," the Guardian, October 9, 2015, <http://www.theguardian.com/business/2015/oct/09/us-crude-oil-exports-house-of-representatives-vote-obama>.

<sup>22</sup> The Economist, "Sheikhs v Shale," *The Economist*, December 4, 2014, <https://www.economist.com/news/leaders/21635472-economics-oil-have-changed-some-businesses-will-go-bust-market-will-be>.

<sup>23</sup> Tom Bevan, "Donald Trump's First TV Ad of the 2016 Campaign," Realclearpolitics.com, January 4, 2016,

[http://www.realclearpolitics.com/video/2016/01/04/donald\\_trumps\\_first\\_tv\\_ad\\_of\\_the\\_2016\\_campaign.html](http://www.realclearpolitics.com/video/2016/01/04/donald_trumps_first_tv_ad_of_the_2016_campaign.html).

<sup>24</sup> Jeet Heer, "Donald Trump's First Campaign Ad Promises Blood for Oil.," New Republic, January 4, 2016, <https://newrepublic.com/minutes/126913/donald-trumps-first-campaign-ad-promises-blood-oil>.

Speaker at Williston Basin Petroleum Conference in Bismarck.<sup>25</sup> Trump's speech at the conference was instated as the "*America First energy plan*". That was the first time that the term "*American energy dominance*" was introduced by Trump being a presumptive Republican presidential candidate.

After his win in presidential election of 2016, this term became officially a national doctrine. While Trump emphasized nationalism and sovereignty, US' new material and resource capabilities thanks to shale revolution, became the epicenter of his world views and the basic belt that could restore and support US economy, growth and projection of national power.<sup>26</sup>

Selecting three characteristic and official texts that connect President Donald Trump's self-regarding attitudes about the "American energy dominance" doctrine and US' formal national policy, we tried to summarize the main points that could be corresponded to Joseph Nye's propositions back in the early 1980s. The first one is his speech at the Williston Basin Petroleum Conference in Bismarck, on May 26<sup>th</sup>, 2016, being a presidential candidate. The second one comes from June 29<sup>th</sup>, 2017 when President Trump made a speech at the Unleashing American Energy Event, part of the "Energy Week" organized by the U.S. Department of Energy, a speech that can be considered as his "U.S. Energy Dominance" manifesto.<sup>27</sup> Finally, the third one comes from December 2017, the official document of National Security Strategy that "*lays out a strategic vision for protecting the American people and preserving our way of life, promoting our prosperity, preserving peace through strength, and advancing American influence in the world*".<sup>28</sup>

Based upon the above summarization we created the following table pointing out with green color some cornerstone accords between Nye's propositions and Trump's pursuits as President of the US:






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<sup>25</sup> Allyssa Dickert, "Trump to Be Keynote Speaker at Williston Basin Petroleum Conference in Bismarck," Kfyrtv.com, May 4, 2016, <http://www.kfyrtv.com/home/headlines/Trump-to-be-Keynote-Speaker-at-Williston-Basin-Petroleum-Conference-in-Bismarck-378115311.html>.

<sup>26</sup> Hal Brands, "The Unexceptional Superpower: American Grand Strategy in the Age of Trump," *Survival* 59, no. 6 (November 2, 2017): 16–20, <https://doi.org/10.1080/00396338.2017.1399722>.

<sup>27</sup> President Speech, "Remarks by President Trump at the Unleashing American Energy Event," The White House, June 29, 2017, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-unleashing-american-energy-event/>.

<sup>28</sup> The White House, "National Security Strategy of the United States of America," December 2017, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

|   | Early 1980s   |                                  | Late 2010s   |   |
|---|---|----------------------------------|--|---|
|   | Joseph Nye Jr - Energy Nightmares - Suggestions   | Topic                            | Donald Trump - Energy Dominance - Priorities   | Accord  |
| 1 | Energy must be seen in the larger content of national security. US will remain vulnerable through military and economic interdependence with allies who are less able to reduce their own vulnerability.  | National security - Allies       | American energy dominance will be declared a strategic economic and foreign policy goal of the United States. These energy exports will create countless jobs for our people, and provide true energy security to our friends, partners, and allies all across the globe.  |    |
| 2 | Reducing dependence on imports is important. Dependence on world prices is partially offset by diversification of supply sources and maintenance of stockpiles.   | Markets and prices               | America’s incredible energy potential remains untapped. It is a totally self-inflicted wound. Imagine a world in which our foes, and the oil cartels, can no longer use energy as a weapon. The government should remove obstacles to exploration. Any market has ups and downs, but lifting these draconian barriers will ensure that we are no longer at the mercy of global markets. The United States will support the diversification of energy sources, supplies, and routes at home and abroad. |    |
| 3 | Energy security problems should be considered in the short term (this does not mean that efforts to create mid-term and long-term supply alternatives are irrelevant to energy security).   | Time of action and quick results | We have to get out and do our job better and faster than anybody in the world, certainly when it comes to one of our great assets — energy. [...] Since my very first day in office, I have been moving at record pace to cancel these regulations and to eliminate the barriers to domestic energy production, like never before. [...]   |    |
| 4 | Some actions that raise prices - for example, filling the strategic reserve - also increase security.   | Reserves and prices              | We will modernize our strategic petroleum stocks and encourage other countries to develop their own—consistent with their national energy security needs. [BUT against a price of 100\$/b as OPEC wants, half of the SPR could be sold. Oil prices could begin to decline at any time, and they could decline aggressively. A single tweet from Trump could change the oil picture dramatically.]  |  |
| 5 | A final pitfall in thinking about energy security is the temptation to imagine there is some easy way to solve it. Before opening serious discussion on international collective bargaining, America must be sure it can control Pandora's box. | Control of the "International"   | We will advance American influence because a world that supports American interests and reflects our values makes America more secure and prosperous. We will compete and lead in multilateral organizations so that American interests and principles are protected.  |  |

As it can be easily figured out, there is a remarkable continuity between Nye’s propositions and Trump’s priorities as they are outlined by five principal policy topics in the “American Energy Dominance” doctrine.

Even in the “reserves and prices” topic the main notion is equivalent and this is using national strategic reserves as a way to control oil prices. Fill the reserves in order to raise prices, empty them in order to achieve lower prices. Furthermore, just recently, President Trump’s view about prices’ containment was colorfully expressed by his tweet in 20 April 2018, writing “Looks like OPEC is at it again. With record amounts of Oil all over the place, including the fully loaded ships at sea, Oil prices are artificially Very High! No good and will not be accepted!”<sup>29</sup>

<sup>29</sup> Patti Domm, “Trump OPEC Tweet Wasn’t Just about Expensive Gasoline,” CNBC.com, April 20, 2018, <https://www.cnbc.com/2018/04/20/trump-opec-tweet-wasnt-just-about-expensive-gasoline.html>.

The “energy nightmares” of the 1980s are still alive for US policy and the “new realities” of 1980s and 2010s are quite different, but analogous, in a changed world. This time it would be difficult for someone to claim that the US failed to recognize the changing world politics as Nye did back in 1980s.

Even if our analysis that showed a similarity between Nye’s old propositions and President Trump’s current priorities could be debated, the bridging of the old “new realities” that led Nye to write “*energy security must be seen in the larger context of national security*”<sup>30</sup>, with the contemporary ones that led Trump to formulate the “American Energy Dominance” as a National Security Strategy, underline that the shale revolution gave the US a significant economic and political instrument beyond military power to pursue and reassure its global influence and power.

**Note:** Part of this article was presented at the 3rd International Conference of Development and Economy (ICODECON) in Kalamata, Greece, on May 5, 2018.

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<sup>30</sup> Nye, “Energy Nightmares,” 141.

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