

Delving Below the Surface of Oil Politics

Matthew T. Huber

Mazen Labban, *Space, Oil and Capital*, Routledge, 2008.

Given the interlocking crises surrounding climate change, energy, and capital accumulation, it is somewhat remarkable how thin the Marxist literature on oil is.¹ Mazen Labban's insightful and original contribution couldn't be more timely and important. I will organize this review along the lines of what I see as the book's principal contributions: (1) the political economy of oil; (2) Marxist theories of imperialism; and (3) critical geography.

First, Labban offers a decidedly anti-Malthusian approach to the political economy of oil. In an era when it seems a "peak oil" book hits the presses every week, Labban treats "oil scarcity" as not a catastrophic threat, but as a *social creation* necessary for oil prices *high enough* to support profitable accumulation.² Labban's statements are disarmingly unconventional: "...[T]he competition for oil is not to guarantee its supply but to guarantee that a part of it stays out of the market The problem of oil is not its scarcity but its abundance." [pp. 1-2.] In Chapter 4, Labban shows how the Soviet Union's oil industry developed with a persistent problem of oil surpluses beyond internal demand. Contrary to the notion of the economic "iron curtain," such oil surpluses could only find outlets through exports into the global oil market.

From this basis, in Chapter 2, Labban is able to construct a dialectical social theory of oil. He emphasizes the importance of "raw material" (in his case, oil) to industrial capital accumulation and the necessary mediating role of the extractive industry—an industry prone to high concentrations of capital³—to that relationship. For example, Labban shows how the remarkable industrialization of

¹ For notable exceptions see, Harvey O'Connor, *Empire of Oil* (New York: Monthly Review, 1955); Harvey O'Connor, *World Crisis in Oil* (New York: Monthly Review, 1962); Peter Nore and Terisa Turner (eds.), *Oil and Class Struggle* (London: Zed, 1980); Cyrus Bina, *The Economics of the Oil Crisis: Theories of Oil Crisis, Oil Rent, and the Internationalization of Capital in the Oil Industry* (New York: St. Martin's Press, 1985); Simon Bromley, *American Hegemony and World Oil* (Philadelphia, PA: University of Pennsylvania Press, 1991); Midnight Notes Collective, *Midnight Oil: Energy, Work and War, 1973-1992*, (Brooklyn, NY: Autonomedia, 1992); Fernando Coronil, *The Magical State: Nature, Money and Modernity in Venezuela* (London and New York: Routledge, 1997); George Caffentzis, "The Petroleum Commons: Local, Islamic, and Global," *Alternatives: Turkish Journal of International Relations*, Vol. 4, No. 1 & 2, 2005, pp. 108-123; Retort, *Afflicted Powers: Capital and Spectacle in a New Age of War* (London and New York: Verso, 2005), especially chapter 2; Michael Watts, "Empire of Oil: Capitalist Dispossession and the Scramble for Africa," *Monthly Review*, Vol. 58, No. 4, 2006, pp. 1-17; George Gonzalez, *Urban Sprawl, Global Warming, and the Empire of Capital* (Albany, NY: State University of New York Press, 2009).

² Although rejected by some of the most seasoned Marxist oil analysts (see e.g., Retort, *Afflicted Powers*, 2005, p. 59), it is disappointing to see some of the most prominent eco-Marxists of the last two decades uncritically rush to accept Malthusian peak-oil theory in the face of surging oil prices. See e.g., Elmar Altvater, "The Social and Natural Environment of Fossil Capitalism," in Leo Panitch and Colin Leys (eds.), *Socialist Register 2007: Coming to Terms with Nature*, Vol. 43 (London: Merlin, 2007), p. 37-60; John Bellamy Foster, "Peak Oil and Energy Imperialism," *Monthly Review*, Vol. 60, No. 3, 2008, pp. 12-33. With the deepening economic crisis, the slowdown of oil demand from the U.S. to China, and the breathtaking collapse of oil prices from US\$147/barrel in July 2008 to under US\$40 before 2009, the relevance of the "peak" of oil production has at least been postponed. Indeed, "peak oil" discourse relies upon an imaginary of ever-expanding petroleum demand, even though the history of capitalism and crisis (the 1930s, the early 1980s) has revealed otherwise.

³ See also, Stephen G. Bunker and Paul S. Ciccantell, *Globalization and the Race for Resources* (Baltimore, MD: Johns Hopkins University Press, 2005).

the Soviet economy was dependent both upon the increasing production of oil as raw material, and the development of industrial capital in the extraction and refining of crude oil.

Labban is also keen to emphasize the power of landed property—particularly the “barrier of the landlord state” [p. 111]—to withhold oil-rich land from investment. He carefully argues that oil states are plagued by a contradictory tension between resource *sovereignty* and dependence upon (usually foreign) capital investment. Labban complicates the mainstream dialectic of privatization versus nationalization, and emphasizes the “hybrid” nature of national oil companies that are, “partly state-owned, partly publicly traded, and sometimes partly foreign owned...” [p. 9.] In Chapter 5, he reveals how the Russian state consolidates greater control over oil and gas companies like Gazprom, while simultaneously depending upon international financial flows and partnerships with foreign oil companies.

Second, Labban offers a contribution to theories of imperialism. Drawing from several strands of Marxian theory (Mandel, Baran, Sweezy, Luxemborg, Bukharin), he does not emphasize the imperialist exploitation of peripheral nations by core nations, as much as “inter-imperialist” rivalries between core nations themselves. For example, in Chapter 6, he illustrates the role of U.S.-E.U. competition in framing access to Iranian oil reserves. Through a process he coins as “negative territoriality” [p. 123], U.S. trade policy has attempted to control Iran by removing it from the circuits of global capitalism and threatening sanctions against international companies investing in Iran. As former New York Senator, Alfonse D’Amato, quipped, “[A] foreign corporation or person will have to choose between trade with the United States or trade with Iran.” [p. 128.] While this did deter European oil companies with stakes in U.S. markets (e.g., BP and Shell), it attracted companies with little presence in the U.S. to invest in Iranian oil (e.g., ENI and Gazprom).

Finally, signified by the first word of the title, this is also a work of critical geography. One of the most important theoretical insights is what Labban calls a “geographical contradiction between spatial integration and fragmentation.” [p. 42.] This contradiction is expressed through a tension between the integration of petroleum-rich territories into the circuits of global capital and a set of protectionist measures resource-owning states enact to maintain sovereignty over resource wealth. Through all the case studies, we learn to understand the dynamic spatiality of oil that is much more complicated than the standard visions of “resource nationalism” or “geopolitical conflict” that predominate in the mainstream press.⁴

While not overshadowing its overall insight and innovation, this book does have its shortcomings. First of all, the theoretical chapters (2 and 3) are beset by a continual deferral to Marxist theories as if they were actually existing laws. Labban often announces such theories as if they were unproblematic and uncontestable—e.g.: “Profit derives from the exploitation of labor rather than the exploitation of nature” [p. 19]; “The rate of profit of a particular capital is determined by its *organic composition*.” [p. 21.] Labban’s Marxism seems to come out of the tradition that aspires to define capital’s specific “laws of motion.”⁵ Second, I think Labban makes too much of what Marx said about “raw material.” Although he acknowledges the distinction at times [e.g., pp.

⁴ This simplistic petroleum geography is most famously promulgated by Michael T. Klare, *Rising Powers, Shrinking Planet: The New Geopolitics of Energy* (New York: Metropolitan Books, 2008).

⁵ While he is careful to frame theories in terms of “tendencies” (e.g. p. 31), it is clear throughout the first part of the book that Labban is deeply influenced by Ernest Mandel, who specifically expresses his interest in terms of capital’s “laws of motion”; Ernest Mandel, *Late Capitalism* (London: Verso, 1978 [1972]), pp. 13-43.

6, 124], the concept does not differentiate enough between oil as a raw material in the production of industrial products (e.g., plastics, petrochemicals, fertilizers) and oil as *a source of energy*. Certainly oil's centrality to capitalism must be theorized on terms of the latter. In fact, as Burkett shows, Marx often referred to coal and other fuels as "auxiliary materials" in distinction to raw materials that are actually transferred to the product itself.⁶ Finally, given the somewhat dualistic structure of the book between theory and empirics, the lack of a concluding chapter is a curious omission and certainly would have aided the overall coherence of the book.

Overall, however, these shortcomings are minor compared with the depth of the contribution. By standing in opposition to much of the conventional wisdom around oil, Labban takes us beyond the surface of oil politics and toward a deeper critical understanding of the underlying processes and relations that constitute petro-capitalism.

⁶ See, Paul Burkett, *Marx and Nature: A Red and Green Perspective* (New York: St. Martin's Press, 1999), p. 109.