

## **REDEFINING THE THEORY OF DEPENDENCY**

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### **Abstract**

*International oil politics introduces a dramatic but interesting dimension to international relations and international politics. This is because unlike what obtains in international relations generally whereby dependency tills towards developing Nations of the world, reserves and production of oil tills dependency to the developed Nations. While structural dependency views dependency from the angle of the military, the political and the economic, the issue relevant product dependency views dependency not from the general angle of the structural dependency but principally and mainly from the angle of an essential and critical product which oil is to the global economy. In essence and invariably, two different forms of dependency can be identified defining activities in a post oil global environment. It can therefore only be expected that a clash of the old and general dependency and a newer issue relevant dependency be observable in actions, relations and activities amongst Nations.*

*Keywords: Oil, Global Economy, Dependency, Great Power, Small Power, Dependency Theory, Aggregate Power Relation, Issue Relevant Power Relation*

### **INTRODUCTION**

Literature, especially on the Dependency Theory, have always treated Power relations between the Great and Small Powers from the Aggregate Power perspective, thus maintaining wrongly that relations between the two Powers are permanently static and asymmetrical. In essence, such literatures assume that Great Power will always win in any of its relationships with the Small Power. This contradicts the important fact that Power needs be understood from the point of view of Time, especially as Time and Demand variables have been identified by Obiozor as fundamental issues in bargaining strategies (Offiong, 1980). In essence, a nation or a group of nations that is in possession of power over another group at a period in time may have lost such power to the other group at another given period. In defining power relations among nations

therefore, it is important, if not imperative, that time is seriously considered. The dependency theory does not also recognize that the nation in possession of power over another group at a period in time may have lost that power to the other group at another time. This is particularly limiting because of the focus and attention of the Dependency theorists on development, thus giving the impression that the Small Power will always be dependent on the Great Power. The theorists on dependency claim that there has been an extension over time, of the colonial and subordinate state of the Small Power which has continued to accentuate dependency. The Dependency theory does not therefore give too much attention, focus and consideration to the fact that the authority and control may have changed over time, at least in relation to a particular type of dependency. The work is divided into four major sections. The first examines the theory of dependency while the second views oil as an important element of power which extensively affects the postulation of the theory of dependency. The third critically analyses the extent at which oil redefines dependency theory while a fourth section concludes.

## **THE THEORY OF DEPENDENCY**

Dependency theory has a direct linkage with the Great-Small power relations. It is premised on the notable fact that a group of nations which are referred to as the metropolitan powers have the control and authority in international economic relations, while the periphery that assume a subordinate position, are absolutely dependent on the metropolitan.

The theory is therefore hinged on the fact that the backward regimes assumed a dependency status, which is the last step before outright control in relation to the metropolitan powers strictly because the former were in debt to the latter. The basic position of the theory is that the shift from consumer goods to capital goods in world trade was that the colony-to-be needed long-term credits or loans to pay for the capital goods, and that finally, the relationship between the backward country and the metropolitan country is one of debtor and creditor. This was inadvertently, a small step towards dependence and domination (Offiong, 1980).

Dependency is therefore a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which the former is subject. This is explained by the fact that the relation of interdependence between these and world trade assumes the form of dependence when some countries (the dominant), can expand and give impulse to their own development, while other countries (the dependent) can only develop as a reflection of this expansion (Johnson, 1972).

Dependency theory invariably states that in all cases, a basic situation of dependence, leads to a global situation in dependent countries that situate them in backwardness and under the exploitation of the dominant countries (Johnson, 1972). The theory is further illustrated by

the fact that the dominant countries have a technological, commercial, capital resource, and social – political predominance over the dependent countries( with predominance of some of these aspects in various historical movements).This permits them to impose conditions of exploitation and extract part of the domestically produced surplus (Johnson, 1972).

The Dependency theory creates a linkage between colonial and post-colonial periods. It is a situation that the history of colonial imperialism has left and that modern imperialism creates in underdevelopment. Dependency is a conditioning situation in which the specific histories of development and underdevelopment transpire in various societies (Lenin, 1971).Historical situations of dependency have conditioned contemporary under- development in the Third World, thus illustrating them as underdeveloped societies. The impression created by the Dependency theory is that underdevelopment is not an original state as modernization theorists have continuously and consistently maintained. It states that the beginning of third world underdevelopment can be traced to the Trans –Atlantic slave trade, the abandoning of the trade in favour of “legitimate trade” and the eventual partition of part of the Third World.

In essence, Dependency theory maintains that the basis of Third World underdevelopment can be found in slave trade and colonial imperialism. In the first, the Third World supplied the white man with human cargo who were taken to the American plantation to toil the lands stolen from their owners; the Indians. In exchange, the Third World received guns, gun powder and silky items that began the process of dependency.

In the second stage, the colonial imperialism stage, the Third World became oriented to the export of primary products (principally agricultural), under the control of metropolitan capital, and constituted as markets for imported manufactures from the same metropolitan countries. In this stage, foreign capital came in to construct social overheads- transportation facilities and utilities that would enhance the exploitation of the people and their natural resources, and for the maintenance of law and order (O'Connor, 1971).

It is on this premise that Dependency relation is viewed as essentially shaping the social structure of underdevelopment. This view is strengthened by the assumption that when the imperialist power could not continue their occupation of their former dependencies, they decided to quit but made sure they left the reins of power in good hands , by handing over to their internal collaborators. After independence therefore, these national bourgeois have strengthened their relationship with their international allies. Their investments are automatically geared towards exports and activities complementary to foreign industrial capital.

The principal position of Dependency is that the Third world has played a definite role in the international economy, with the internal development of the Third World, being severely curtailed or “conditioned” by the needs of the dominant economies within the world or

international economy or market. A distinction is therefore established between dependency and inter-dependency.

The difference is that growth in the dependent nation occurs as a reflect of the expansion of the dominant nations and is geared towards the needs of the dominant economies, that is, foreign rather than national needs (O'Connor, 1971).

Katznelson et al have therefore declared that: *Dependency means that the development alternatives open to the dependent nations are defined and limited by its integration into and function within the world market (Katznelson, 1974).*

In John Galtung's European community- Third World model, dependency which is explained through the dominance and exploitation of the Third World by the metropolitan nations is viewed principally from three areas. These are exploitation (also referred to as the "vertical division of labour"), fragmentation and penetration (Galtung, 1973).

Galtung claims that the metropolitan countries evolve various strategies in which it becomes easy for the periphery to be subjected to play the role of suppliers of raw materials to the industrialized nations. This, the metropolitan countries achieve because the periphery, according to Galtung, is made up of "some of the poorest, least developed, least viable countries in the world".

Another aspect of exploitation is that the arrangement made with the periphery is to protect metropolitan interests, and does not amount to "a real free trade area". The Metropolitan nations institute tariff and quota barriers for products that are likely to compete with products from their countries. The agreement is such that enables metropolitan nations import just what they want and need from the poor associated states.

In the second component of dominance which is "fragmentation", whereas the rich and exploiter countries are coordinated and unified, the poor, underdeveloped and exploited countries, also known as the periphery are disorganized and disunited. This is because; little or no trade takes place among them and added to this are indirect or very expensive communication and transportation. While the centre therefore establishes links in different directions, including other center countries, and groups of countries, the periphery or underdeveloped countries tend to concentrate their external activity in the direction of the center.

The final aspect of the metropolitan dominance is "penetration." Penetration into the elites of former colonial territories is based on "ideological identification with the elites of the metropolitan nations and dependency on a continued relation with them. In this form of domination, dependency is accomplished in terms of "economic vested interest in a high .....trade level between center and periphery countries."

There is also a direct linkage between dependency and economic imperialism. Economic imperialism has been defined as the economic subordination or domination of one country or a group of countries by another for the main purpose of formal or informal control of domestic economic resources for the benefit of the subordinating or dominating power, and at the expense of the poor people and their economy.

The imperialist, metropolitan power therefore controls foreign exchange and public as well as private savings; and agricultural, mineral, transportation, communication, manufacturing and commercial activities and facilities. In other words, Offiong deduces that the imperialist power controls both the liquid and real economic resources of the underdeveloped countries.

Invariably, the control and authority which the developed, metropolitan power has on the periphery result in underdevelopment of the periphery on a permanent and consistent basis. In fact, Anderson had to conclude that *the condition of underdevelopment simply deepens, the longer a country remains a backward cog in the world capitalist system. The elite-mass cleavage widens. Rural-urban inequalities increase. City slums grow. Unemployment increases. Illiteracy abounds. Agricultural production stagnates. Malnutrition spreads. Diseases debilitate millions. Birth rates remain high. Death rates begin to rise in some areas. Imported luxuries drain foreign exchange. Foreign debt and balance of payments deficit mount. Inflation runs rampant. Military spending for army and police regression increases. Foreign Corporation drain huge amounts of raw materials and profits from the country. Such are some of the hallmarks of an underdeveloped society (Anderson, 1976).*

Offiong in the same vein insists that the persistent and extensive intervention of the developed metropolitan nations is the underlying reasons for Third World underdevelopment, and the distorted and unbalanced growth in those countries.

The concept of “dependency” as coined by the Brazilian Sociologist, Fernando Henrique Cardoso, helps in linking the economic and the political. This is because it links those that make the decision in the under developed nations with those in the metropolitan, that not only perpetuate underdevelopment, but who equally benefit from it. As far as this concept is concerned, dependency simply implies that crucial decisions that are economic in nature are made not by the nations that are being “developed” but by foreigners whose interests are carefully safeguarded. The strategy which this concept claims is employed is one in which the foreigners use their economic power to buy political power in those countries that they penetrate.

This is done through two means; either through political pressure by the imperialist metropolis or through a military intervention. This, the dependency theorists claim, distort the economy of the dependent nations as there emerges an alliance and collusion between the

alien economic and domestic political power that distorts both the economy and the policy of the dependent countries. The consequence of this is a political alliance between the domestic and foreign bourgeois and in essence, as the metropolis exploits the former colonies, so those domestic colonial bourgeois classes exploit the rest of the population.

The Dependency theory therefore implies that in the Small Power, what exists on a permanent and consistent basis is what the Brazilian economist Celso Furtado characterized as “growth without development”. A satellite country’s growth becomes quite pronounced both in the product it exports and in its productive capacity, but fails to generate or even permit the structural transformation essential for development. This development ends up establishing two nations within a nation and the relationship between these two groups, the bourgeois and proletariat – lumpenproletariat, will determine the course of events in these countries.

Growth without development is quite noticeable in terms of raw material export booms engendered by metropolitan demand. To the Dependency theorists however, the fact that the West was the first to develop neutralises the importance of the raw material export as the West goes along to dominate the international scene. The domination is done with very keen interest in the underdevelopment of the third world countries. The basic assumptions of the dependency theorists are that it is only through underdevelopment that dependency has meaning. This proposition is on the premise that underdevelopment can only be understood if one understands the basic facts of dependency.

It is on this basis that the Rostow’s theory on development is viewed and assessed. As far as this theory of development which also illustrates dependence is concerned, the small power dependency is hinged on its failure to move from the traditional stage to the stage of mass consumption (Rostow, 1960). Rostow’s theory of development states that it is possible to identify all societies, in their economic dimensions, as lying within five categories.

These categories or stages are the traditional society, the preconditions of take-off, the take-off, the drive to maturity and the age of mass-consumption. The first stage of the traditional society implies a society whose structure is developed within limited production functions that are based on pre-Newtonian science and technology and pre-Newtonian attitudes towards physical world. The second stage of growth according to the theory of development embraces societies in the process of transition. This is the period when the preconditions for take-off are developed. This stage is premised on the fact that it takes time to transform a traditional society in the ways for it to exploit the fruits of modern sciences. The stage of precondition arises from some external intrusion by more advanced societies.

The third stage which is the take-off stage is the interval when the old blocks and resistances to steady growth are finally overcome. This is the stage in which the forces that

make for economic progress expand and come to dominate the society. In the take-off stage, there are three major conditions that are expected to be fulfilled. The first requirement is that there must be a rise in the rate of productive investments from 5 percent or less to 10 percent of national income. The second requirement is the development of one or more substantial manufacturing sectors, with a high rate of growth. And the third is that there must exist a political, social and institutional framework that exploits the impulses to expansion.

There are therefore very clear, basic and fundamental advancements from one stage to the other. The traditional stage for instance is peasant-based, lacking in significant economic growth, custom bound, hierarchical, unproductive and characterized by authoritarian personality, long run fatalism and a low ceiling of attainable output per head because of the primitive nature of its technology. In the second stage of growth, the preconditions for take-off are developed and this is the period of significant economic changes. One of the basic requirements and conditions to be fulfilled in this stage is that there must exist new elite that consider economic modernization as not only possible but desirable. The elite must be such that will be willing to mobilize savings and carry out innovational risks. The economic aspects of the changes are that they must involve a rise in the rate of population growth and capitalizing on current innovational opportunities. Finally, it must create new opportunities and must equally involve the training of labour for specialized, large scale production. The third stage is characterized by the fact that resistance to steady growth vanquishes and growth now becomes an integral part of the society.

While therefore in the precondition stage the society is still dominated by traditional attitudes and productive techniques, the growth process becomes institutionalized in the take-off stage. As far as Rostow is concerned the take-off period lasts about twenty years.

The 'drive to maturity stage' which is the fourth stage, is a period when an economy demonstrates that it has the technological and entrepreneurial will to produce not everything but anything it chooses to produce. The fifth and the final stage is the age of consumption in which the leading sectors shift towards the production of durable consumer goods and services. This stage is characterized by the fact that incomes have climbed to levels where clothing, basic food and shelter are no longer the main consumption concerns of workers. It is also a stage in which many resources are allocated to social welfare and security. Dependency of the third world is therefore not only accentuated but is directly linked to the fact that the underdeveloped nations find it difficult moving from the traditional stage to the age of mass consumption. The assumption therefore is that only when nations move to the age of mass consumption that dependency considerably reduces or is totally eliminated. Invariably, the United States, Western Europe and Japan that are all in the fifth stage find it convenient dominating international

economic relations, while the developing countries that are in lower stages assume a dependent status.

The Dependency theory is sometimes applied to the entire history of imperialism and the whole complex of relationship between the “centre” and the “periphery” (Lall, 1975). It is however essentially directed at the post-colonial era when direct forms of colonial subjugation had ended and when new forms, “imperialism” by various means, which ensure dependence rather than open domination, had supervened (Sutcliffe, 1972). In essence, features of dependency may include the following; first that income distribution in most LDCs is highly skewed and in many (but not all instances), is getting worse with economic growth. Secondly, that the consumption patterns of the elite in the periphery (LDCs) are strongly influenced by tastes created in the centre (the highly developed nations) (Lall, 1975). Third is that the technology utilized in the process of industrialization is taken in a more or less unadapted form from the centre, by means of direct investment by multinational companies or by means of licensing of local enterprises. This technology serves to perpetuate the inequitable distribution of income and to fulfill the consumption demands of the elites.

The fourth is that there is usually a strong foreign economic pressure in the shape of multinational companies, foreign aid and foreign loans and trade with the centre. The growth of industrialization, whether import substituting or export-promoting does not usually reduce the reliance on foreign financing and technology but tends to increase it and there is no significant indigenous technological advances. Finally, foreign influence is not confined to economic spheres, but extends to cultural, educational, legal and political spheres.

The influence is so great that no direct domination is necessary as it is sufficient to assume that the peripheries inherit and propagate systems used in the centre. Invariably, there is a presumption that the ruling elites in the periphery perceive an identity of interest at some levels with the economic interests of the rich capitalist countries.

## **THE IMPORTANCE OF OIL IN THE GLOBAL ECONOMY**

Natural resources including energy are unevenly distributed in the world and very few countries have been endowed with an abundant commercial energy base. Invariably, therefore, commercial sources of useful energy and their distribution among nations vary considerably over time. This makes energy a commodity of paramount importance to individuals, enterprises and nations (Alnasrawi, 1973). Becht and Belzung both agree that “known resources per person including mineral and forest wealth are far greater in some countries than in others” (Becht, 1975). This further confirms the fact that the blessings of nature are not evenly distributed throughout the world.

In contradiction to assertions of writers on Great Power- Small Power relation and in agreement with the view of Becht and Belzung above, the introduction of oil as a raw material of immense value to the economies of the world has been given adequate attention by various authors to indicate the position of the raw material in changing the asymmetrical nature of international economic relations. Ikein for instance describes oil as a critical product to Northern economy, an assertion that Doran (1977), Fried and Schultz (1975), Ali, (1976) Willrich, (1975), Aribisal (1986), Fisher and Ridker (1973), Hansen (1974) and Frankel (1981), all agree with. The Independent Petroleum Association of America (IPAA) (2001) actually describes oil as Black gold; declaring that; *It is the energy source that dominated the 20<sup>th</sup> Century and will continue to be pivotal for the foreseeable part of the 21<sup>st</sup> Century. It is the most versatile energy source available today. It is the most political of energy sources, the resource that makes countries go to war, and the resource that countries must have to wage war. It is the single largest commodity in international trade and has been one of the most volatile (IPAA, 2002).*

OPEC Secretary-General describes oil as a “very important product as it is today still the cheapest and most convenient source of energy” (Silva-Caldron, 2003). He further states that “without any doubt, the economy of the west, and indeed that of the entire world, is very much dependent on the availability of this source of energy” (Silva-Caldron, 2003). David West describes it as “the primary commodity, the primary energy source to the industrialised world” (David-West, 2004), while Jubril Aminu another of Nigeria’s former minister of Petroleum sees oil as the most important single commodity in world commerce (Aminu, 2004). Don Etiebet who was also a former oil minister in Nigeria claims that oil is about the most important source of energy in the world today (Etiebet, 2004). As far as Edmond Dakouru Nigeria’s special adviser on petroleum matters is concerned, oil is a precious product that is essential to different economies, both developed and underdeveloped (Dakouru, 2004). Qatar’s second deputy prime minister and minister of energy and industry, Abdullah Bin Hamad al Attiyah describes oil as the cheapest and most convenient source of energy (Abdullah, 2005). Saudi Arabia’s minister of oil petroleum and mineral resources, Ali (2004) sees oil as the most convenient source of energy and Kuwait’s minister of energy, Sheikh Ahmad Fahad Al-Ahmad Al-sabah views oil as very important and significant to the global community (Sheikh, 2004).

The industry is a unique industry, with characteristics which distinguish it from every other sector. Oil is the lifeblood of the developed industrialized world, providing readily accessible power and heat, as well as a vast array of consumer, commercial and industrial products (Silva-Calderon, 2003). Oil holds numerous benefits as a product and over other commercial energy sources such as accessibility, versatility, transportability and cost,

Oil was the major global energy fuel and is likely to remain so for the next 30 years, at least. Fossil fuels dominated the energy supply in the second half of the last century and will almost certainly continue to do so in the second half of this century. The promise of new and renewable energy sources and its great expectations were not realized and are unlikely to do so in the foreseeable future. New energy fuels, like biofuels proved to be uneconomical, and new energy carriers – hydrogen energy and fuel cells are still in the research laboratories rather than in markets and are unlikely to have a dent on the energy scene for years to come.

In the near future, as the stress on the world's scarce mineral resources grows stronger and supply of strategic minerals becomes more uncertain, new mineral problems of a social and political nature are bound to take shape, with even more important bearings on world affairs. This situation has made the Third World, especially net producers of mineral resources, critical and important in today's world.

Oil as a Southern weapon of bargaining is fundamentally represented in Zindani's description of the commodity as the element of blue tactics in the Third World's economic and political struggle vis-à-vis the Western World. Henry Kissinger once noted that "oil is the world's most strategic commodity", an evaluation that must have been made after critical analysis.

Crude oil is the most important single commodity in world commerce and it has accounted for over 50 percent by weight of all sea-borne international trade. What is more, in many applications, the most notable of which is transport, there was as at 1996 and even at present, no substitute for oil products. Oil is perhaps the most important source of energy in the world today. Apart from the common energy derived from oil, more than 600,000 chemical products are said to be obtainable from the commodity. Some common by products of oil are lubricating oil, paraffin oil (kerosene), Gasoline (Petrol) etc. These do not have immediate effective substitutes.

Oil is also easier and cheaper for industrial use than coal and solar energy. Coal is difficult to extract and heavy to transport. It has been difficult discovering solar energy for industrial use due to scientific problems and the heavy cost involved. Oil therefore provides nearly half of the world's energy requirements and since 1973, energy demand has risen by an average of 2% per year (Leys, 1980). It is estimated that by 1970, the world required an equivalence of 173 million barrels of oil per day and by 1979 the world outside the communist areas consumed 80% of the world's oil supplies (Kugler and Arbetman, 1989). The Organisation for Economic Cooperation and Development (OECD) member countries remained heavily dependent on oil, most of which came from OPEC. In 1981, the world outside communist areas was dependent on OPEC for three fifths of its oil supplies.

As a result of the economic significance of this commodity, it has also acquired a great strategic significance in international politics. The focus of the world on the Middle East and especially on the Persian Gulf is mainly because these areas primarily export the largest amount of oil to non-communist countries. The West, headed by the US could not afford that these areas be controlled by the communists, during the cold war era, for this might result in a likely economic warfare by the communists to squeeze and strangle the economies of the West. Even after the cold war era, focus and attention of the United States have remained on the Middle East. This is why the United States has jealously guarded the Middle East and has persistently built military bases to act as deterrence.

It is also because of the importance of oil that developing countries attempted to link energy matters to the North- South dialogue. Discovering the importance of this resource, the oil exporting developing nations realised they could use oil to redress the imbalance between the haves and the have-nots.

This was the origin of the oil crisis of 1973, which caused some major changes in relations of the North and the South. Natural crude oil has therefore, since the early 1970s, remained a major source of commercial energy.

It is expected to maintain its role as a standard of value and of reference, especially in view of obstacles in the way of developing substitutes, ranging from close substitutes such as synthetic crude, to partial substitutes such as nuclear power. Mikdashi actually identified three major obstacles in the way of substitutes to oil; namely, that it requires large-scale investments, advanced technology and long lead times (Mikdashi, 1996).

Oil is the leading source of commercial energy in the modern world, accounting for around 40 percent of today's world energy mix. It is a unique commodity, with a combination of attributes, which far exceeds that of any other energy source – sufficiency, accessibility, versatility, and ease of transport and, in many areas, low costs. These have been complemented by a multitude of practical benefits that can be gained from decades of intensive exploitation and use in the industrial, commercial and domestic fields (Silva-Calderon, 2003).

There is every indication that oil will maintain this leading role well into the 21st Century. This is in spite of the fact that, over the past decade or so, oil has come under pressure on environmental grounds, particularly in the context of the UN – sponsored climate change negotiations. There have also been longer-standing efforts among some consuming nations to diversify energy sources away from oil, on so-called "strategic grounds". However, projections from the reference case of OPEC's World energy Model, "OWEM", suggest only a marginal dip to 38 percent in oil's market share in the period to 2020. In absolute terms, world oil demand is forecast to rise from 76 million barrels a day in 2000 to 107 million barrels a day in 2020 – that

is, by around 41 percent. By all accounts therefore, the thirst for oil will continue to grow for decades to come. Global oil demand is also projected to raise by 38million barrels per day to 115 million barrels per day by 2025 an annual average growth of 1.6 million barrels per day or 1.7 percent over the years 2002 – 2025. OECD countries are expected to account for the largest share of oil demand (OPEC, 2003).

Looking at the longer term, demand is expected to continue growing steadily in the early decades of this century (Silva-Calderon, 2003).OPEC proven crude oil reserves are near 850 billion barrels and there is a reserve – to – production ratio of more than 80 years. These reserves are much more accessible than those in other high-cost regions of the world. Also, advances in technology continue to make oil a cleaner, safer fuel, so that it can meet increasingly tighter environmental regulations, as well as conforming to the broader demands of sustainable development. Therefore, OPEC Member Countries possess the reserve strength to cope with the forecast rises in demand in the coming decades. The fact is that the world's oil reserves are concentrated mainly in developing countries, while most customers are located in industrialized nations (Silva-Calderon, 2003).There is broad consensus on the projection that energy demand will continue rising in an era of increasing globalization, rapid communications and continued advances in technology, but that consumers will want this energy to be as clean and as safe as possible, as well as integrating itself fully into their plans for sustainable development and economic growth. There is also consensus on the contention that, of the world's five main commercial energy sources, oil will maintain its present leading role well into the 21st Century (Yusgiantoro, 2004).

Oil has been discovered in most of the world's regions, and some 80 percent of oil produced is traded-internationally. No other energy commodity offers quite the same qualities of transformability and transportability. Oil is also the largest single source of energy in the world and together with gas it supplies more than half of the world's energy requirements (Baker, 1997). Although, the use of alternative fuels is expected to rise, oil is forecast to remain the single most important source of energy well into this century (OPEC, 2002). The significance of oil is based on its vast reserves and its ease of utilization (Stonbaugh, and Yergin, 1980).

Total proven recoverable oil reserves in the World grew from 291 billion barrels in OPEC's founding year, 1960, to more than 1,000 billion barrels in 1990 and again to 2000 billion barrels in 2003. By 2004, total World proven recoverable oil reserves grew to 2100 billion barrels and by October 2005 was 2250 billion barrels (OPEC, 2005). In 1960, OPEC's share of those reserves was 75 percent. It fell briefly in the late 1970s under the weight of non-OPEC oil supplies coming on to the market, but has since recovered, and stood at 77 percent by April 2003 and 79.5 percent in October 2005 (OPEC, 2005). With non-OPEC production stagnating

or beginning to decline, only OPEC, with total proven oil is capable of expanding its production capacity to meet anticipated future world oil demand.

According to RilwanLukman, OPEC Secretary General in 2000, “for the foreseeable future, and certainly over the coming decade, oil is set to maintain its central position in supplying the World’s energy needs, and OPEC which has about 76 percent of world oil reserves, will continue to play a fundamental role in World energy scene, both as the key supplier of the incremental barrel, and as the key to market stability” (Lukman, 2000). Lukman buttressed his point by stressing that if the latest reference case of OPEC’s World Energy Model (OWEM) was anything to go by, then, the share of oil over the period 2000 – 2010 at 40–41 percent reflected the central expectation that oil would remain the key energy source over the years.

Lukman maintained that oil demand would also continue to grow at robust rates. He however did not agree with the fact that oil from non-OPEC nations would serve as any serious threat, as he declared, “... non-OPEC supply, although growing modestly is not likely to keep up with the growth in demand.” This thus implied according to Lukman, an incremental OPEC production of an average of about one million barrels per day per annum over the coming decade suggesting a heavier reliance on the OPEC even in the first ten years of the 21<sup>st</sup> century. David-West on the other hand does not share Lukman’s optimism believing that what the non-OPEC nations could do to any punitive measure of OPEC at least in the immediate cannot be overemphasized. According to David-West, if oil would be used as a weapon against the North, it was important that any punitive measure carries along non-OPEC nations (David-West, 2004).

The IEA declared, “We do not think that non-OPEC supply will be able to keep pace with rising demand”. OPEC supply is therefore expected to increase, most likely accounting for the bulk of incremental global oil needs. Middle East OPEC output is especially critical, particularly in 2010 – 2020. There is little argument that the Middle East OPEC countries – Saudi Arabia, Iran, Iraq, Kuwait, The UAE and Qatar – have the resources to produce what the World will need from them.” In spite of the IEA declaration however, OPEC can only become fully relevant when non-OPEC supplies dwindle. Until this happens, non-OPEC nations will continue to be important and critical in the politics of oil (OPEC, 2004).

This indicates that the needs of the global community can still be met in future despite pessimism that has continued to be expressed. It is believed that only about a quarter of the worlds exploitable oil has already been found and consumed.

According to some statistical sources, between 650 and 700 billion barrels of oil have been found out of a worldwide total of between 2.00 trillion and 2.6 trillion barrels of oil.Total

reserves are more than two trillion barrels, of which more than three quarters are in OPEC member countries. The rise of the reserves of oil in OPEC member countries is reflected in the long lifespan of these resources. The lifespan of OPEC reserves was 89 years, compared with only 18 years in non-OPEC nations. This means that as time goes by the world will rely more on OPEC members for their oil supplier (OPEC, 2005).

By the turn of the twentieth century, based on an average annual growth rate of 2.3 percent, the level of demand rose to 69 million barrels per day – about 10 percent higher over the decade. There is also a forecast that the global, mostly industrialized nations' demand for crude oil by 2010 would have risen to 76.4 million barrels per day, a rise of almost 20 percent from 1990 levels (OPEC, 2004). At the beginning of the 20<sup>th</sup> Century, petroleum was found and produced in large quantity, but was also wasted. The United States government actually had to step into the production of petroleum to protect resources. This it did by creating commissions to determine where wells could be developed and how much they could produce thus forcing conservation and stabilizing the supply and price (IPAA, 2001).

The affirmation that oil producers are in the South and that its consumers are mainly in the South was made by Silva – Caldron in 2003 when he declared that "... there are the deep-rooted, longstanding differences, misunderstandings, rivalries...between the different parties in the industry; these are most pronounced between producers, where they are essentially South based, and consumers, where they are essentially North – based" (Silva-Calderon, 2003). Because of diminishing supplies elsewhere, OPEC members will be required to supply almost 40 million barrels per day of oil by 2010, which is 65 percent more than in 1990. The market share is therefore expected to have risen from 37 percent, at the start of 90s, to more than 50 percent by 2010 (OPEC, 2001).

Over the years, OPEC has repeatedly demonstrated that a group of developing countries, acting responsibly and in union, can play an influential and constructive role on the world economic stage, even under the most adverse of circumstances. Furthermore, OPEC has consistently maintained that the interests of developing countries should always be taken into account in discussions on global issues, rather than those countries being treated 'as outsiders servicing the requirements of wealthy nations alone. There is also this idea that the non-OPEC nations have considerable power because once there is a control of 60 percent of production in the world or 80 percent of exports that signifies power this is however not true in economic term you have power if you control the margin and OPEC have had the control of the margin for a long time since it has surplus capacity OPEC has surplus capacity mainly in the Gulf which makes it easier to increase production if needed, it also has mainly in Kuwait and Saudi Arabia

fields that do not suffer if production is reduced which cannot be done in the North Sea for example. In the North Sea, if production is reduced it affect recovery rate badly.

In essence, if an organization has surplus capacity that it can use when needed to increase production and the ability to reduce it when needed by a reasonable amount without damaging fields, it does not need 60 percent or 90 percent of the market to have strength. Once there is more flexibility as it happens in OPEC countries, the organization has strength. Invariably, the initiative for Southern oil producing nations ought to arise from OPEC which has certain basic advantages over non-OPEC nations at bringing other oil producing nations together. In the first place, it has existed for close to forty-six years as an organization bringing different nations with different interests and even antagonistic and sometime contradictory attitude to the West. This indicates that OPEC already has an experience in building an organization of nations. Second is that OPEC appears more united than the non-OPEC nations that do not exist as a group within an organization.

Third is that OPEC cannot assume the position of a political force if certain important oil producers are left outside the organization to be used as alternative means of supply in case there is punitive measure. Finally, all oil producing nations that presently serve as the basis of division between OPEC and non-OPEC nations are in the Southern hemisphere with probably the exemption of Russia. This indicates that since the international economic system is at the disadvantage of the South, the whole of Southern oil producing nations should see coming together within an organization as means towards redesigning the economic system (Mabro, 2004).

The Middle East is critical to World oil discourse. This area possesses 71 percent of the world's oil reserves and yet accounts for only 36 percent of its production – almost exactly half. Such an imbalance between the actual and potential share of the world's oil output suggests that the Middle East's importance as a source of oil supply will, with the passage of time, become even greater, as the other sources of oil supply inevitably dwindle (OPEC, 2002).

This view is reinforced by the fact that, by and large, the Middle East's reserves are more easily accessible and can be more readily produced than those from other parts of the world. Most Middle Eastern oil producers are members of OPEC, and as such have an especially close association with other leading Third World oil producers, from Latin America, Africa and the Far East. This collective OPEC stance on important oil issues has benefited member countries themselves in the international energy sector, which would otherwise have been dominated and controlled by the established industrialized powers.

Among fossil fuels, oil demand continued to rise in the 1990s, although its share of the energy mix fell from 46 percent in 1990 to 43 percent by the year 2000. Substitution for oil throughout this period affected principally its heavier end, since no technological breakthrough could be foreseen in the near future in the provision of commercially viable alternatives for inexpensive, petroleum based transport fuel products. World energy demand therefore grew by an average of 1.8 per cent during the decade, while world oil demand also grew by 1.1 percent, the greater rate of demand growth incidentally was in the OECD countries, at 3.0 percent for energy generally and 2.2 percent for oil (OPEC, 2001).

The world oil demand rose to 58 million barrels per day by the year 2000, with non-OPEC supply dropping by around 1million barrels per day by the same year, to 26 million barrels per day, the call on OPEC supply rose to 32 million barrels per day, additional eight to nine million barrels per day by the year 2000. The actual first quarter 2003 data indicated that OECD consumption rose by 1.22m b/d or 2.54 per cent over the corresponding 2002 period. Nearly half of the growth in consumption, or 630,000 b/d, was registered in North America, while OECD Pacific up 550,000 b/d and the demand in Western Europe increasing marginally by 40,000b/d (OPEC, 2005).

Global oil demand in 2006 is projected to rise by 1.47 million barrels per day to a yearly average of 84.73 million barrels per day. OECD demand is projected to rise by 470,000 barrels per day to average 50.24 million barrels per day for the whole of 2006. North America will account for around 80 percent of the total gain in demand. According to the OPEC reference case, World demand for primary energy over the period 2000 – 2020 is expected to increase from just over 180 million mboe/d in 2000, to roughly 220 mboe/d in 2010 and almost 270 mboe/d in 2020, which represents an average of approximately 2% per annum. Fossil fuels will therefore continue to dominate the World energy balance, accounting for 90% of commercial primary energy demand (OPEC, 2001).

The pattern of oil production and consumption in the Asia/Pacific region is quite revealing. The Asia/Pacific region is undoubtedly one of the most dynamic areas of the world for the foreseeable future. Non-OECD Asian economies have the brightest growth prospects, according to the International Energy Agency forecast, which also concluded that China and South East Asia would have the highest rates of economic growth (OPEC, 2004).

Probably due to the buoyant economies in this region, it experienced from 1993, a rising demand for oil from 13.6million barrels per day to about 16 million barrels per day by the turn of the 20<sup>th</sup> century, a demand which forecasts claim will rise to between 19 and 20 million barrels per day by 2010. However, oil supplies from this region would be less than 6.5million barrels per day throughout the two decades. This therefore signifies a growing demand for oil imports in the

region, which is consistent with the growth in demand for imports in other areas of the world where reserves are low or production is hindered for other reasons (OPEC, 2002).

In Western Europe, there was a demand for 14 million barrels per day of crude oil by the turn of the century, up more than 10 percent over the decade. Western Europe's oil production (through the North sea oil fields) unfortunately peaked at less than 5 million barrels per day in 1995 and will decline to a little more than 4 million barrels per day, according to OPEC's forecast by 2010, before falling to less than 3 million barrels per day in 2020 (OPEC, 2005).

The Commission of the European community's had initially made a forecast that the European Communities' total demand for energy would grow by almost 15 percent in the 1990s, and the EC interestingly needed a net import of around 9.6 million barrels per day of crude oil in the year 2000 alone, which was 70 percent of its consumption. The EC could not but therefore have a growing dependence on external oil production in spite of the North Sea Oil fields.

*It is in this dependence that the Southern power lies. The dependence of the North on oil and its continued critical nature to the economies of the Northern regions indicate that the regions with reserves of the product will continue to be important to the developed countries. In essence the continued increase in the demand for oil, especially as has been witnessed since 2003 in relation to depletion of the resources in developed nations further emphasises the power of the South on the North.*

## **OIL AND A REDEFINITION OF THE DEPENDENCY THEORY**

The term asymmetry is used in its international relations context. This implies the uneven distribution of power resources and capabilities between states. In the literature on social power, there is a discussion about the notion of asymmetry in power relations that cannot be ignored. According to this view, asymmetrical social relationships can be characterized by an imbalance of influence among the parties, unequal benefits or an uneven distribution of power.

This notion is linked to a causal explanation of power where A has power over B. Nonetheless, since people and nations perform different activities, although A is able to influence B in a specific subject, this does not mean that B is incapable of exercising power over A with respect to other issues. (This situation is described by Lasswell and Kaplan as scope). In general, it could be said that the most accepted notion of this subject in social relations is the one advanced by Dahl, Laswell and Kaplan that describes a concept of power involving causal asymmetry but allowing for both symmetric and asymmetric power relationships.

In essence, if nations perform different activities, it is wrong to assume that there will only be one dependency that will exist amongst the nations. In clearer terms, it will be misleading to imply that because a nation is dependent in certain areas of its relation with

another nation, it will automatically be dependent in every other area. The fact that nations perform different activities and roles in international relations suggest that the nations will have different positions and attitudes to the various activities. It can only be wrong to therefore assume that such nations will be dependent on other nations from all the fronts and in all the areas. In essence, the fact that Party A is dependent on Party B on a specific subject or a group of subjects does not and should not imply that it will be dependent with respect to other issues. It implies that as there are diverse subjects and issues, so also is dependence varied and not particularly specific to one area, activity or issue.

The political science concept of power and dependency in international theory has not paid enough attention to asymmetrical relation (Keohane, and Nye, 1977). According to classical power politics theory, the strong actor can be defined as the actor with greater resources and capabilities. The stronger actor will, by definition, prevail in any encounter with a weaker actor (Habbeeb, 1988).

*"For only when there is symmetry in power, the classical argument suggests, is negotiation a phenomenon worth studying; only when power has been a decision-making tool of states. In all other cases - those of asymmetrical power - the stronger state, by definition, will win" (Offiong, 1980).*

The failure of such power predictions is attributed to faulty predictive techniques rather than to the actors themselves. In the words of Baldwin, these faulty power predictions. *"Result from the mistaken belief that power resources used in one policy-contingency framework will be equally useful in a different one. So called 'weak powers' influence so called 'strong powers' because of the power analyst's failure to account for the possibility that a country may be weak in one situation but strong in another"* (Groom and Keith, 1987).

It is therefore important to note that depending on the circumstances, there are situations in which actors with limited national capabilities possess certain elements that can conveniently be used as a source of power. The Small States have the potential power depending on the issue in question and on the circumstances in the environment. Circumstances in which nations with limited national capabilities possess elements that can be used as a source of power are however totally neglected and ignored in the theory of dependency. In this theory, only those with national capabilities that translate into development can assume a position of control and authority. Invariably, as far as the theory of dependency is concerned, those nations with limited national capabilities will always be dependent on those nations with an appreciable level of national capability. The dependency theory therefore fails to recognize that the Small State can have the potential power over the developed state, depending on the issue in question and on the circumstance in place.

It is in the light of this that the dependency at the unit level or the issue dependency departs from the structural dependency theory. The position of oil in international politics indicates that the Great Power could be dependent on the Small Power for a critical resource in which there is a shortfall in the Great Power. It also clearly shows that there are flaws and limitations in the position and assertion of Dependency theorists that nations with limited national capabilities will always be dependent on those with high level of national capabilities.

Literature, especially on the Dependency Theory, have always treated Power relations between the Great and Small Powers from the Aggregate Power perspective, thus maintaining wrongly that relations between the two Powers are permanently static and asymmetrical. In essence, such literature assumes that Great Power will always win in any of its relationships with the Small Power. This contradicts the important fact that Power needs be understood from the point of view of Time (Zartman, 1991), especially as Time and Demand variables have been identified by Obiozor as fundamental issues in bargaining strategies (Obiozor, 1992).

In essence, a nation or a group of nations that is in possession of power over another group at a period in time may have lost such power to the other group at another given period. In defining power relations among nations therefore, it is important, if not imperative, that time is seriously considered. The dependency theory does not also recognize that the nation in possession of power over another group at a period in time may have lost that power to the other group at another time. This is particularly limiting because of the focus and attention of the Dependency theorists on development, thus giving the impression that the Small Power will always be dependent on the Great Power. The theorists on dependency claim that there has been an extension over time, of the colonial and subordinate state of the Small Power which has continued to accentuate dependency. The Dependency theory does not therefore give too much attention, focus and consideration to the fact that the authority and control may have changed over time, at least in relation to a particular type of dependency.

The Dependency theory, in essence, places dependency on the Small Power on a permanent and consistent basis, insisting that "this relationship has refused to disappear after traditional colonialism," and invariably makes dependency a recurring and permanent feature of the Small Power and again giving little attention to the fact that with time, such dependency status may change at least in relation to specific issues.

The case of oil in international relations however indicates that a control and authority may have been lost over a period of time with a type of dependency being tilted. Even when the structural dependency still exists on the Small Power therefore, a unit dependency may have tilted to the side of the Great Power, thus emphasising the importance of time in power relations

and in the issue that relates with dependency. Power can however only be better analyzed if we divide it into two categories: aggregate structural power and issue-specific structural power.

Two very important levels of Power therefore exist in relations among nations; these are the Issue Relevant and the Aggregate Power positions of a Party. While the Aggregate Power is that Power as conceptualized from a total perspective that is from the military, economic and political points of view, the Issue Relevant Power is only specific to a particular event under discussion (Victor, 1991).

There is therefore a distinction between the issue relevant power and the aggregate power. While it is true that A and B may each have power over C, it can only be with regard to different areas of C's behaviour.

Aggregate power relation refers to an actor's resources, capabilities, and position vis-à-vis the external world as a whole (Caporaso, and Haggard, 1989). Aggregate power is defined as the actor's total resources and possessions.

In the case of nation-states, it means total national resources-demographic, economic and military (Habeeb, 1988). It is important to notice that in general, the indices of power developed in recent years work well for developed nations, but fail when applied in Third World Countries. The reason for this lies in the fact that the majority of theoreticians construct indexes on the basis of a realist notion of power that overemphasizes military and economic criteria. Taber has suggested that the problem with the pre-eminence of economic and military factors in the construction of power indexes is that many political scientists have succumbed to the temptation of fatalistically accepting capability indices and applying them indiscriminately in order to demonstrate the superiority of certain states and ignoring some characteristics of weaker nations that must also be considered (Stoll and Ward, 1989).

The concept of aggregate power is useful in providing a general picture of the actor's situation in the international arena, but is of less use in analyzing the role of power in asymmetrical relation. It describes the aggregate power structure but not the power structure of issues and relationships (Taber, 1989). Aggregate power, for instance, is not sufficient to analyze power in international relation. Any notion of power that does not allow an analysis of the power structure of specific issues is inadequate. It is therefore imperative that a critical analysis be made on the issue-specific power. Issue-specific structural power is concerned with the actor's capabilities and position vis-a-vis another actor in terms of a specific mutual issue. It centres on the power structure of a relationship. Garnett has pointed out in this respect that what is interesting about the interdependence paradigm is *"The connection of power with asymmetrical vulnerability, and the idea that an actor's power will vary according to the issue under consideration. At a given moment, A could exercise power over B with respect to one set*

*of issues, but B could exercise power over A with respect to other set of issues"* (Baldwin, 1988). The theory of structural dependency is therefore useful in providing a general picture of the Small Power dependency on the Great Power but it is of less use in analysing specific issues in which there is a Great Power dependency on the Small Power.

The Structural Dependency for instance is not sufficient to analyse other forms of dependency, especially those types that exist in asymmetrical relations. Any theory on dependency that does not allow an analysis of the different types and forms of dependency that exist in international relations is however inadequate.

This position is premised on the fact that depending on the circumstances, powerful states may turn out to be dependent on the Small Power. It therefore nullifies the belief and position of the dependency theory that the powerful nations will always assume a position of authority and control, with the small nations being at the receiving end on a permanent basis. It emphasises the importance of viewing dependency from an asymmetrical, unit and issue relevant point, rather than from the single case study that has been applied by the dependency theorists.

Bjøl for instance argues that a small state's ability to resist doing what a larger state wants it to do is a critical source of small state power (Williams, 1988). Fox on the other hand advances the idea that small states are often able to concentrate their entire attention on the specific issue being negotiated, whereas large states must generally spread their attention over the entire international system. This concentration can result in a more favourable outcome for the weak party (Bjøl, 1995).

Perhaps the most substantial case study of asymmetrical relation is that of William I. Zartman in his study, the politics of trade negotiation between Africa and the E.E.C. Zartman is not bound to the traditional notion of power in asymmetrical negotiations. For him, the aggregate power position of a government in the international arena cannot be directly translated into relevant and available power in any particular situation. Depending on the circumstances, powerful states may turn out to be weak in a given confrontation with seemingly weaker states. Zartman's book is important because it is a theoretical starting point that addresses asymmetrical negotiation as a broader phenomenon, and one that goes beyond a single case study.

There are numerous dimensions – such as power, wealth or development – along which nations can be ranked. A nation is not ranked in a particular manner at all times. It is possible for a nation to be ranked low in a particular situation, only to move higher under an entirely different circumstance. It is on the same basis, possible for a nation to receive high ranking

when it is viewed from a specific circumstance and perspective, only to be ranked low when being viewed or assessed from an entirely different circumstance and situation.

It is on this premise that Galtung claims that a nation that is top dog on all dimensions would be called equilibrated. An underdog on all dimensions will resemble what Organski refers to as a weak and satisfied nation. However, when a nation becomes disequilibrated, that is top dog on some dimensions and underdog on others it may receive differential treatment; it will be esteemed because of its top dog dimensions and not esteemed because of its underdog dimensions.

The clarification by Organski that there are different dimensions through which nations can be classified and ranked suggests that the single case study approach of the Dependency theory is undoubtedly faulty. Since a nation does not have to be ranked in a particular manner all the time, it suggests that dependence of one nation on other nations should not be viewed from one angle as the dependency theory has done. A nation that therefore receives high ranking in a specific circumstance but receives low ranking when being viewed from an entirely different angle, would be dependent in the areas and issues of the low ranking alone. It therefore totally defeats the position that the Great Power will always receive high ranking and thus leave the Small Power to grapple permanently with dependency.

When dependency is viewed from different angles and nations are ranked differently, it becomes clearer which nations are in control at a particular period and which others are dependent. It therefore moves beyond the position of the dependency theory that all Small Powers will assume a role and position of dependency in any of its relations with the Great Power.

The explanation of outcomes is based on the dynamics of actor behaviour within the parameters of the relationship. According to this view, the power balance of an issue-specific relationship is determined by three variables: alternatives, commitment and control. Alternatives denote each actor's capability to gain its preferred outcomes from a relationship other than that with the opposing actor. Thus, despite an aggregate power balance favouring the opponent, an actor, even a weak state, may be able to achieve its desired outcomes in any particular issue area if it is able to develop alternative relationships through which that outcome is more easily available (Blau, 1993).

Commitment refers to the extent and degree to which an actor desires and needs its preferred outcome. Commitment is based on the values the parties attach to the various possible outcomes. Control is defined as the degree to which one side can unilaterally achieve its preferred outcome despite the cost involved in doing so.

In negotiation it is impossible to speak of total unilateral achievements. However, we can speak of one side's ability to gain a greater share of its preferred outcome than its opponent's. Using the Aggregate Power relation of a Party to forecast negotiation outcomes as Bueno de Mesquita et al and Zartman have done in the past can therefore be misleading, more so as the Party that had more Power, measured through military and other classical elements have been known to be defeated in negotiations or at the very best come out equally (Haward, 1987).

Another critical element of power is demand variable. When what is possessed by a nation is not in high demand, the level of power such a nation or group possesses is by far lower than when demand increases. The more demand increases therefore, the more power also increases. Another significant factor in asymmetrical power relation is the indispensability of the resources controlled. The indispensability of a group's resource depends on two conditions.

The first condition is whether the group controls needed resources that are not readily available through another group and the unity of groups. In the first condition, a group is not indispensable if there is an alternative source for what is needed. The group must to some extent, monopolize certain needed resources to enable it have a cutting edge over others. The second condition is that the group must be able to negotiate as a group. This is because the group will have very little bargaining power if it cannot provide a united front in its negotiation. Invariably, without a sense of unity, resources will be provided on the basis of particular arrangements with specific members who act only as individual nations and not as those belonging to a group. At such times, general concerns of the group do not even enter as a consideration, with the group being in a precarious position. One can therefore conclude that without unity, a group will be unable to make the availability of its resources contingent on attentiveness to the group's interests. As a consequence, when a powerful party loses its influence through negotiation, the failure is explained in reference to the lack of intelligence and political will of the stronger party, denying the input and certain elements of power of the weaker party.

This phenomenon known as the paradox of unrealized power refers to the frequent failure of power predictions noted with frequency among academics, politicians and the general public. This concept deals with the complexities of unexpected outcomes in power relations. How is it that weak powers influence the strong? How do we explain the paradox of "the big influence of the small states? (Habeb, 1988).

The fact that the weak party often obtains much of what it wants in negotiations cannot be explained only in terms of the failure of will on the part of the strong or the lack of an appropriate framework of analysis. Invariably there are several factors at work in asymmetrical

relations, which account for their outcomes (Sprout, 1989). Even though as Krasner states, the underlying resources of weaker actors are not changed but the ability to influence behaviour may change over time. This situation can therefore increase the influence of weaker nations in some specific issues (Keohane, 1983).

Some schools do not however see real improvements for the weaker nations as advanced by interdependence theory. Dependency theory, for example, argues that interdependence between the rich and the poor nations has been asymmetrical and unequal. This current of thought, derived from Marxism, emphasizes the relations between social classes and analyzes the methods used by one class to exert domination over another. According to this view, even if the Third World countries have achieved, formally, their independence, in reality they still behave as in colonial times. In the same manner, Dependency Theory dealt with the contradictions within the process of incorporation of the Latin American countries within the capitalist system headed by the U.S.

For this school, the capitalist world system is seen to have produced over time a fundamentally imbalanced structure in which the advanced capitalist states benefit automatically from their economic relations with a wide range of societies that have been positively underdeveloped through their historical association with their exploiters. In spite of this fact, a general structure for studying power was proposed by Habeeb, advancing a three-dimensional model:

- 1) Aggregate power is an actor's total resources and practical capabilities.
- 2) Issue-specific power refers to the actor's resources and capabilities within the context of a specific issue or relationship.
- 3) Behavioural power is an actor's ability to display its power resources to achieve desired objectives.

Habeeb has tested the model and theory applied here in three case studies. This empirical evidence has generated some important findings:

- A) Issue-specific structural power is the most critical component of power in asymmetrical negotiation.
- B) Control, understood as the degree to which one party can unilaterally achieve its preferred outcome despite the cost involved, is the most important component of issue power.
- C) The resources of aggregate-structural power may increase alternatives and control but cannot increase commitment.

D) Because a weak actor generally has more at stake in negotiating with a strong actor, it will devote more attention and energy to achieving its desired outcome; a process known as asymmetry of attention.

E) The weak state can bring about a change in the issue power balance only through the use of tactics not based on aggregate structural power.

F) The weak state fares better in negotiations in which it is defending itself against a perceived injustice by the strong state.

G) Real or perceived weakening of the strong state's aggregate structural power can alter the issue power balance in the weak state's favour.

H) Contextual events and systematic changes may critically affect the issue power balance.

I) Negotiations conclude when one or both of the parties feel that the cost of an agreement is less than the costs of further altering the issue power balance.

J) Negotiation outcomes ratify the issue power balance between the two sides.

What do these findings imply about asymmetrical power relations? Although the answer is not easy, it can however be said that, *"Neither side should assume that the state with greater aggregate structural power will win the negotiation (...) the weak must not lose hope or become discouraged by even a glaring asymmetry. The strong must not become overconfident or assume that the weak state has no ability to achieve at least some of its objectives"*.

As Habeeb has argued, the principal case of the issue-relevant power is that, for the strong state, strength may not easily be translated into a total victory in power relation. Even though, its vigour, translated into structural power resources, is real, and the advantages obtained from it should not be overlooked, the most important attitude of the strong state is to be aware of the advantages and disadvantages of its strength. The main case for the weak state is that despite its weakness, it may still achieve many, even almost all of its objectives. But in order to succeed, it must be aware of its strengths and advantages. For a weak state the development of an intelligent strategy, the use of public opinion, and the mobilization of principles of justice and truth can be keys to obtaining a fairer outcome despite the traditional logic of power.

The linkage of dependency theory with Power is done from two angles. The first is by viewing economic power through the economic development of the powerful nations. In essence even when reference is made to the economic power of the developed, Metropolitan and powerful nations, it is viewed from the perspective and position of economic development. Invariably, when reference is made to the Metropolitan nations' economic power that is employed to buy political power of the satellite nations, it is an economic power that is viewed from the perspective of the economic development which the powerful nations have. Economic

power at this stage and from this perspective varies from the economic power that the product dependency assumes on the Small Power, an economic power that is distinct from the economic development that the dependency theory extensively employs. The other perspective that the dependency theory views power is from the aggregate power angle.

It sees power from the indexes and indices of the military, the political and the economic, rather than from issue specific cases. Invariably, the dependency theory limits its assertion and position to viewing Power as favourable only to the developed, Metropolitan and powerful nations with the Southern, poor and satellite nations always at a total disadvantage. The fact however is that the issue dependency theory establishes oil as not only representing an element of power, but one that tilts dependence from the Southern developing nations to the Northern developed countries. It indicates that there is not only one type of dependency as the dependency theory suggests and that power cannot be seen as aggregate in all situations and circumstances. Power relation, especially the issue specific power, clearly demonstrates the position of oil in the international community.

While there is no doubt that those nations of the world that control the international economic system possess an appreciable level of power over Third World nations, of which there are oil producing nations, it is equally true that a dependence on oil by the former indicates that on a specific issue, oil, the South should dictate terms. In essence, the case of oil defeats the argument that in virtually every relationship, the North, with its aggregate power, will come out victorious. Demand and consumption that do not favour the North not only reverses a kind of dependency to the North therefore, but equally emphasises the relevance of the issue relevant power in the interrelationship amongst nations.

## CONCLUSION

Oil is the energy source that dominated the 20<sup>th</sup> Century and will continue to be pivotal for the foreseeable part of the 21<sup>st</sup> Century. It is the most versatile energy source available today. It is the most political of energy sources, the resource that makes countries go to war, and the resource that countries must have to wage war. It is the single largest commodity in international trade and has been one of the most volatile.

In essence, there are numerous dimensions – such as power, wealth or development – along which nations can be ranked. A nation is not ranked in a particular manner at all times. It is possible for a nation to be ranked low in a particular situation, only to move higher under an entirely different circumstance. It is on the same basis, possible for a nation to receive high ranking when it is viewed from a specific circumstance and perspective, only to be ranked low when being viewed or assessed from an entirely different circumstance and situation. It is on

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A nation that therefore receives high ranking in a specific circumstance but receives low ranking when being viewed from an entirely different angle, would be dependent in the areas and issues of the low ranking alone. It therefore totally defeats the position that the Great Power will always receive high ranking and thus leave the Small Power to grapple permanently with dependency. When dependency is viewed from different angles and nations are ranked differently, it becomes clearer which nations are in control at a particular period and which others are dependent. It therefore moves beyond the position of the dependency theory that all small powers will assume a role and position of dependency in any of its relations with the Great Power.

## WAY FORWARD

Further research will be carried out to strengthen the Issue Relevant Power relation towards differentiating it from the Aggregate Power relation which most literature on the Great power-Small power relation dwells on. This is particularly important as it clearly defines the importance that oil has placed in the hands of the South in relation to the North. In essence the Issue Relevant Power relationship will be critically accessed within the context of global oil politics and what it represents as far as the south is concerned.

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