



**ENERGY RESOURCES IN FOREIGN POLICY:
A THEORETICAL APPROACH**

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ABSTRACT

This article examines which theory of international relations is best suited for the analysis of energy resources in international relations. The article suggests that realism paradigm theories might provide a useful starting point from a descriptive method in the studies of energy resources in foreign policy. The idealism paradigm downplays the strategic importance of energy resources, and suggests simplified view that statesmen are economically rational actors. Realism suggests that energy resources are power elements included in states' foreign policy when states seek to expand influence abroad. Detailed examination of classical realism, neorealism, defensive realism, offensive realism and neoclassical realism suggests that neoclassical realism allows extend the analysis of energy resources' role in states foreign policy. Interactions and variables in neoclassical realism suggest the broadest explanations and predictions.

KEYWORDS

Energy resources, foreign policy, realism paradigm, neoclassical realism, classical realism, neorealism, defensive realism

INTRODUCTION

There are growing interests in energy security and the impact of energy resources on the international relations. This has thus far been met with a lack of theoretical background. The lack of theoretical background makes studies of energy security or energy diplomacy incomplete, without sufficient basis or guidelines for future or wider analysis. The lack of theoretical background could be related to the fact that energy security and/or energy diplomacy were not identified or analyzed in international relations for a long time. Issues emerging from energy resources were predominated by other elements of national and international security, mainly military security, and they were dominated by the realism paradigm, emerging so-called soft power elements from idealism (liberalism) paradigm, and emphases on social constructs and history in the constructivism paradigm.

The lack of theoretical background in energy security issues has created a position where, in most cases, the descriptive method or historical analysis totally dominates the discussion of the role that the energy resources play in foreign policy. Some publications take into account geopolitical analysis, but this is as far as they go. The most obvious example of a descriptive publication is Danyel's Yegin's "The Prize: Epic Quest for Oil, Money and Power" (1991). The book is arguably extremely useful for a deeper understanding of energy security and energy diplomacy issues. These types of publications do not give any significant insight or criteria for determining variables and deeper explanation that would not be limited to single case study and would offer a practical paradigm for analyzing any relevant situation. The geopolitical perspective in the field of energy security or energy diplomacy analysis is quite speculative and is based largely on assumptions and interpretations; it lacks a systemic empirical approach and, importantly, evidence. This article suggests that realism paradigm theories might provide a useful departure point from a descriptive method in the studies of energy resources in foreign policy. Energy resources are material objects and as such belong to a materialistic ontology and positivistic epistemology, hence the realism paradigm is best suited for an analysis of these issues.

Primary energy resources are important elements of state power. The more resources it has the more powerful the state is. Of course a state power perspective based on energy resources depends on the state's ability to extract and transport the resources as well as the global demand for them. Perspectives on energy resources as material elements of power, according to Gal Luft and Anne Korin, lead to the assumption that energy resources in the field of foreign relations should

be analysed through two possible theories: realism or idealism. G. Luft and A. Korin stress that:

Realists point out that through history, certain commodities, and in particular energy commodities, minerals, water and food have had a strategic value beyond their market price and as such they have been repeatedly used as tools of foreign policy by exporters and have been among the prime catalyst of armed conflict.¹

On the other hand, idealists put their belief in the energy market because "Energy market players are rational and motivated by profit maximization"². According to G. Luft and A. Korin, "Idealists tend to down play ideological, cultural and geopolitical drivers."³ Idealists also assume that statesmen responsible for policy implementation are rational agents whose purely rational actions are dictated by the market economy principles and profit maximisation. It is unwise to use only the theory of international political economy when discussing energy resources because these are commodities of strategic importance that could lead to armed conflicts. According to Gal Luft and Anne Korin, just like oil once replaced salt as a strategic resource,⁴ so only when oil and natural gas will become commodities of equally diminished importance would it then be appropriate to analyse these resources as subjects of international political economy.

1. ENERGY RESOURCES IN REALISM'S THEORETICAL PARADIGM

Jeffrey W. Legro and Andrew Moravcsik state that "Realism, the oldest and most prominent theoretical paradigm in international relations"⁵, and it "is not a single theory, but a family of theories"⁶. All the realism theories under the paradigm share three core assumptions. Firstly, the nature of the actors: rational, unitary political units in anarchy; secondly, the nature of state preferences: fixed and uniformly conflictual goals; and, thirdly, international structure: the primacy of material capabilities.⁷ The paradigm's ontological core is material and objective reality. Hence Jeffrey W. Legro and Andrew Moravcsik expound that "Realists have long insisted that control over material resources in world politics lies at the core of

¹ Gal Luft and Anne Korin, "Realism and Idealism in the Energy Security Debate": 340; in: Gal Luft and Anne Korin, eds., *Energy Security Challenges in the 21st Century. A Reference Handbook* (United States of America: ABC-CLIO, 2009).

² *Ibid.*: 341.

³ *Ibid.*: 341.

⁴ Gal Luft and Anne Korin, *Turning Oil Into Salt- Energy Independence Through Fuel Choice* (BookSurge Publishing, 2009), p. 3-4.

⁵ Jeffrey W. Legro and Andrew Moravcsik, "Is Anybody Still a Realist?" *International Security* Vol. 24, Issue 2 (1999): 5 // <http://web.ebscohost.com/ehost/pdf?vid=61&hid=102&sid=4d62655b-fca5-4088-a3a7-5b2db0bbf58e%40sessionmgr111> (accessed June 16, 2010).

⁶ *Ibid.*: 9.

⁷ *Ibid.*: 12-18.

realism.”⁸ Although for a long time realism’s theoretical paradigm was associated only with military or so called “hard power”, however, founder of modern realism Hans J. Morgenthau underlines that “In international politics in particular, armed strength as a threat or a potentiality is the most important material factor making for the political power of a nation”. This leads to the idea that armed strength is not a single material factor in realism, as there also exist other material factors, but they are simply not of the same importance when compared to military might. Therefore it suggests that other material elements are also part of “hard power”.

With respect to other elements of power, H. J. Morgenthau lists: “geography, natural resources, industrial capacity, military preparedness, population, national character and morale, and quality of diplomacy and government.”⁹ These energy resources clearly are hard physical objects located within the state controlled territory which in addition have a profound effect on the state’s industrial capacity and as such are to be classified as elements of “hard power”. J. W. Legro and A. Moravcsik also claim that “there is no reason to exclude from realist domain the use of commercial or financial sanctions, boycotts, and inducements to achieve economic ends – commonly termed “mercantilism” – regardless of whether outcome is concerned with security or the means are military.”¹⁰ Like H. J. Morgenthau, J. W. Legro and A. Moravcsik concentrate on the military aspects or aspects that they saw as related to military might.

The emphasis on military capability in international relations does not accurately reflect the contemporary situation in the current global political climate. The increasing globalization phenomenon and growing global state interdependency leads to a world where benefits achieved through military actions are questionable and there are more efficient means to expand influence abroad. J. W. Legro and A. Moravcsik noticed that “Realists need only to assume that efficacy is proportional to total capabilities.”¹¹ If war becomes inefficient even when it comes to providing better access to material resources, then other means of power replace military might.

In a contemporary international system energy resources, or to be more precise, energy diplomacy, becomes efficient means. “Energy supply policy is as much a part of the policy arsenal as other economic tools, military power and diplomatic tactic.”¹² This idea is supported by Anita Orban; it refers to the idea of James E. Dougherty and Robert L. Pfaltzgraff that states that “military power did not seem to be the key variable explaining states place in the international system.

⁸ *Ibid.*: 18.

⁹ Peter Sutch and Juanita Elias, *International Relations: The Basics* (New York: Routledge, 2007), p. 49.

¹⁰ Jeffrey W. Legro and Andrew Moravcsik, *supra* note 5.

¹¹ *Ibid.*: 17.

¹² Brenda Shaffer, *Energy Politics* (University of Pennsylvania Press, 2009), p. 1.

There were projections that concerns about economic security will prevail over those of military security."¹³ If economic security prevails over military security, then energy security should prevail over military security as well, and become an important variable defining the state's place in the international structure. Michael T. Klare goes even further suggesting that the "potential great power war"¹⁴ for the control of energy resources might erupt. In this case energy resources are not only elements of power simply replacing military elements of power, but become the main objectives of military action. This premise indicates the changing nature in elements of national state power. National states could be willing to use military might in order to achieve energy resources. Rephrasing H. J. Morgenthau, the dependency of military power and even greater dependency of economic power and viability on energy resources, suggests that energy resources are becoming the most important material factor in determining the political power of a nation.

The realism paradigm is based on analysis of unitary political units – states. States are the main actors defining energy relations globally. States are not willing to give control over energy resources to the international energy companies, free market mechanisms or supranational organizations. Prof. Antonio Marquina as well as B. Shaffer claim that state owned energy companies control about 85 percent of the world oil reserve and 70 – 80 percent of the world natural gas reserve.¹⁵ G. Luft and A. Korin suggest that energy resources exporting states even strengthen their position over control of energy resources and move away from global energy market. "Exporters are nationalising their energy industries, leaving less and less room for the private sector and foreign investors while increasingly using energy as tool to advance their foreign policy agenda."¹⁶

Mentioned findings suggest that the idealistic paradigm is quite distant to the developing processes of energy resources in foreign relations, as states remain main actors defining energy policy. States dominate over other actors because only states can implement legislation defining exploitation, taxation, privatization and extractions of energy resources as well as environmental requirements.

The realism paradigm suggests that states act rationally in the international system. States as rational actors are defined by their interests. States are interested in power and survival: "States act rationally, in the national interest, in

¹³ Anita Orban, *Power, Energy and the New Russian Imperialism* (Praeger Security International, 2008), p. 8.

¹⁴ Michael T. Klare, "There Will Be Blood: Political Violence, Regional Warfare, and the Risk of great Power Conflict over contested Energy Sources": 40; in: Gal Luft and Anne Korin, eds., *Energy Security Challenges in the 21st Century. A Reference Handbook* (United States of America: ABC-CLIO, 2009).

¹⁵ Antonio Marquina, *On the Deceit of Globalization, Energy Security and Challenges to European Foreign Policy* // <http://www.theory-talks.org/search/label/Energy%20Security> (accessed June 7, 2010); Brenda Shaffer, *supra* note 12, p. 3.

¹⁶ Gal Luft and Anne Korin, "Realism and Idealism in the energy security debate": 335; in: Gal Luft and Anne Korin, eds. *Energy Security Callanges for the 21st Century. A Reference Handbook* (United States of America: ABC-CLIO, 2009).

order to maximize power and thus ensure survival."¹⁷ Energy resources are elements of the power maximization of states. Rationalism related to energy resources is defined differently by every state, based on its perception of its own energy security issues.

There are three different types of states in the global energy structure: energy resource producers, transit states and consumers. In general, rationality in energy consuming and transit states is understood as "simply the availability of sufficient supplies at affordable prices"¹⁸. Energy producers, "seek security of demand – the assurance that their production will be purchased at a fair price over a long term, so that national budgets can anticipate a steady and predictable revenue flow."¹⁹ However, a state's rationality in international system is not necessarily connected to economic rationality. Long term objectives in the international system may not necessarily match with the economic objective of increased financial gain. Obvious short term economic benefits may be sacrificed in order to increase the state's political and geopolitical power. The lack of economic rationality is observed within energy resources producing states. Some states sell energy resources at a much lower price for certain states than market price, as they strive for foreign or domestic politics and national security aims, like Russia, Iran, Venezuela. This does not mean that they act irrationally, though actions are economically irrational, but state power is understood not only from within economical parameters.

In the international system there are no global supranational institutions capable of dominating the system effectively, so states in the international system remain self-helping actors. Regional supranational organizations, like the European Union, act efficiently only when the interests of almost all member states match. Interests in energy resources and political aims differ in the EU and there is no common energy policy. Transnational institutions, dealing with energy resources issues, become active only when their members confront clear and present threats to their interests, like the International Energy Agency or Organization of the Petroleum Exporting Countries.

The second and third core assumptions of realism paradigm are closely related to each other. States have fixed goals; according to K. Waltz, states "at minimum, seek their own preservation and, at a maximum, drive for universal

¹⁷ Peter Sutch and Juanita Elias, *supra* note 9, p. 109.

¹⁸ Daniel Yergin, "Ensuring Energy Security," *Foreign Affairs* Vol. 85, Issue 2 (2006): 70-71 // <http://web.ebscohost.com/ehost/detail?vid=6&hid=14&sid=801b5954-c052-40f3-a845-4d1fc6e8d8b6%40sessionmgr11&bdata=JnNpdGU9ZWZWhvc3QtbGl2ZQ%3d%3d#db=a9h&AN=19895478> (accessed June 11, 2010).

¹⁹ Gal Luft and Anne Korin, *supra* note 16: 6.

domination."²⁰ This suggests that states at all times struggle for survival or domination if they are more powerful in the international system. Competition for survival or domination is based on competition for material elements; as J. W. Legro and Moravcsik writes, "Interstate politics is thus a perpetual interstate bargaining game over the distribution and redistribution over a scarce resources."²¹ The bargaining game can vary from cooperative agreements to threats, sanctions, balancing or war. All these bargaining tactics have already been tried depending on the type of potential they were thought to have in successfully implementing particular state's foreign policy goals and the type of resources that the states had at their disposal.

2. THE ROLE OF ENERGY RESOURCES IN FOREIGN POLICY: CLASSICAL REALISM THEORY

Classical realism theory is basically parallel to the realism paradigm. Classical realism has a state-centric view of international relations, where states are the main actors and "centres of power in world affairs"²². The role of international and regional organizations, as well as the law and economic sector(s), have only secondary importance in classical realism. The central concept of motivation and political action in classical realism is power. Summarizing the ideas of classical realists, A. Orban states that "States' continuous quest for power explains their behaviour as well as makes predictions possible"²³.

The international system is anarchical and states act in a "Hobbesian world" where they are competing with each other. Competition between states emerges from aggressive human nature. "The realist view is that human nature is inherently self-interested which gives <...> tendency to conflict."²⁴ As classical realists consider human nature to be selfish, so too they are mainly concerned with the means that humans use to better pursue their own interests through domination of others. For realists states act in the same manner as humans do, they aspire to dominate each other as "powerful state cannot resist using its power over a weak state"²⁵. The interests of one state or group of states tend to contradict the interests of other states or group of states. This suggests that in international relations it is impossible to achieve conditions that would satisfy all states. States positions on issues of energy resources in the international system depend on the conflicts, bargaining and consolidation of interests of most powerful states, and

²⁰ Jeffrey W. Legro and Andrew Moravcsik, *supra* note 5: p. 14.

²¹ *Ibid.*: 13.

²² Peter Sutch and Juanita Elias, *supra* note 9, p. 43.

²³ Anita Orban, *supra* note 13, p. 9.

²⁴ Peter Sutch and Juanita Elias, *supra* note 9, p. 48.

²⁵ Anita Orban, *supra* note 13, p. 10.

interaction between energy resources exporting, transit and importing states. Exporting and transit states will try to acquire as much power as they can from energy resources and importing states' attempt to acquire energy resources translates into power elements.

In classical realism, states compete for power in order to maximize it. Power does not necessarily mean material resources, but "hard power" is a key element of state power emerging from material elements. States' aims dominate over scarce material resources. In classical realism material resources and first of all, military power is a tool to gain material resources: "states are continuously engaged in a struggle to increase their capabilities"²⁶. Fareed Zakaria argues that "Classical realists have written carelessly about "power maximization", leaving unclear whether states expand for material resources or as a consequence of material resources."²⁷ Considering the previous assumptions, the argument of Zakaria could be assessed as not particularly well justified. Material resources are objectives of, as well as tools for, state expansion. Finding emerges from previously discussed H. J. Morgenthau's allegations on "hard power". According to Zakaria, "States expand their national interests abroad when they perceive an increase in relative power."²⁸ An increase in material power is a cause to expand power and influence abroad, and an increased power and influence leads to expanded approach to resources – material power. This suggests that material power (or energy power – political power emerging from energy resources) and state power as well as influence abroad accumulates one another.

Energy resource exporting states can increase or decrease the extraction of energy resources in order to expand their influence abroad and to affect international markets. The best examples of influence because of energy resources are the Persian Gulf states, and especially Saudi Arabia. Saudi Arabia and the ruling Saudi dynasty has strategic importance to the United States because of controlled energy resources. Politically motivated OPEC (Organization of Arab Petroleum Exporting Countries) decision, initiated by Saudi Arabia, to begin oil embargo against states supporting Israel after Yom Kippur war in 1973, created possibilities to expand Saudi Arabia's influence.²⁹ Russian decisions to suspend the natural gas and oil supply to Belarus and Ukraine in the period 2004 – 2009 also expanded Russian influence abroad, especially in Ukraine and Belarus.

²⁶ Colin Elman, "Realism": 12; in: Martin Griffiths, ed., *International Relations Theory for the Twenty-First Century. An introduction* (New York: Routledge, 2007).

²⁷ Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role* (Princeton University Press, 1998), p. 19.

²⁸ *Ibid.*

²⁹ Danel Yergin, *The Prize: the Epic Quest for Oil, Money and Power* (New York: A Division of Simon and Schuster, 2008), p. 588–590; Michael T. Klare, *Blood and Oil: The Dangers and Consequences of America's Growing Petroleum Dependency* (London: Penguin, 2005), p. 44.

Newly discovered energy resources create possibilities to expand states' influence abroad, as energy resource importers and transit states seek better relations in order to get access to energy resources (such as in the cases of the USA and Saudi Arabia).³⁰ The growing competition between importers over energy resources allows the exporting state to expand its relative power. These kind of development examples in the contemporary international system could be observed in Central Asia. After the Cold War the Central Asian states became objects of interest because of newly discovered energy resources. This allowed them to increase relative power. Power from energy resources is fungible and creates possibilities to increase or transfer state power into other fields: military, industrial, financial, and diplomatic. Improved energy power increases states' capabilities to express their interests abroad, and through that increase their energy power could again be transformed into state power.

In history, states seeking power tried to dominate over material resources that were in demand allowing them increased control over economic affairs. In addition energy resources were and are important elements of military capabilities. When states had insufficient material resources they initiated military actions in order to gain them. This was true in the French – German war for the Ruhr area in 1870, Nazi Germany's invasion of Norway and then the Soviet Union,³¹ Japan's invasion of the Philippines' and its subsequent attack on Pearl Harbour,³² United States' presence in Iran until 1979,³³ or the invasion of Iraq in 1990, where the main objective was to defend Saudi oil fields from possible Iraq invasion³⁴. President of the United States of America Jimmy Carter in 1980 announced his doctrine, where the Persian Gulf was called a vital national interest of US.³⁵ This indicates that energy resources are acknowledged as elements of power vital to global dominance.

Before those events the above named states gained power in the international system through possessed and exploited material elements (potential material power). In order to increase their power in the international system states had to maintain or to gain material power – energy resources. Robert Gilpin explains correlational dynamics between power and interest:

The Realist law of uneven growth implies that as the power of a group or state increases, that group or state will be tempted to try to increase its control over

³⁰ For more information Michael T. Klare, *supra* note 29.

³¹ Danel Yergin, *supra* note 29, p. 316-317.

³² *Ibid.*, p. 300-305.

³³ Michael T. Klare, *supra* note 29, p. 45.

³⁴ *Ibid.*, p. 49.

³⁵ Danel Yergin, *supra* note 29, p. 683-684; Michael T. Klare, *supra* note 29, p. 46; Jimmy Carter, the President of the United States of America, *State of the Union Address* (January 23, 1980) // <http://www.jimmycarterlibrary.org/documents/speeches/su80jec.phtml> (accessed June 10, 2010).

the environment. In order to increase its own security it will try to expand its political, economic, and territorial control, it will try to change the international system in accordance with its particular set of interests.³⁶

F. Zakaria summarizes that "classical realism predicts that a rising power will expand at advantageous moments against weaker neighbours."³⁷ Classical realism cannot explain a state's positions, when the state does not expand its interests abroad even when state power increases; this applies to increase in energy power. This contradicts the core assumptions of classical realism. The theory cannot explain these kinds of practices in reality where not all states use greater energy power to expand their interests abroad. Classical realism cannot explain why states controlling great reserves of energy resources do not use them as tools for power expansion. It could be illustrated with examples of Canada, Mexico, Norway and the Netherlands. Whereas Russia, Iran and Venezuela actively use energy resources in order to expand influence abroad. An explanation of differences was given by H. J. Morgenthau with moral constraints: "the restraining influence of moral consensus <...> kept in check the limitless desire for power"³⁸. This assumption does not meet the core assumptions of classical realism theory about a Hobbesian world. It is quite speculative to include moral constraints into foreign policy analysis, as this would pervert the view. States avoid binding themselves with moral constraints which goes against the rationality of gaining more power. Case numbers where moral constrain theory can be applied is simply too high for it to be an anomaly. Therefore, analysis needs different variables. These variables should determine when and how energy resources become tools of foreign policy, and how difference between different states emerges.

3. THE ROLE OF ENERGY RESOURCES IN FOREIGN POLICY: THE NEOREALISM THEORY

Neorealism was an evolutionary outcome of classical realism. The core of neorealism was constructed and developed by Kenneth Waltz in *Theory of International Politics* published in 1979. Neorealism took over the same anarchical international structure as the basis for its theory as in classical realism. Neorealism as well as classical realism is state-centric, and the main actors in the international system are sovereign units – states acting independently, interacting with each other. The core of the neorealism theory is the structure of the international system; according to A. Orban, "The theory puts structure into the forefront,

³⁶ Robert Giplin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), p. 94-95.

³⁷ Fareed Zakaria, *supra* note 27, p. 20.

³⁸ *Ibid.*, p. 32.

meaning that structural constraints are the primary drivers of the actors and not their own priorities."³⁹ In contrast to classical realism, Waltz ignores aspects of selfish human nature as motivation aspects influencing state action. "Waltz's theory, by contrast, omits leader's motivations and state characteristics as causal variables for international outcomes, except for the minimal assumption that states seek to survive."⁴⁰ Neorealism assumes that states behave similarly in the structure, for every state's main objective in neorealism is survival. The theoretical approach totally differs from classical realism where the main objective is power.

Neorealism is also called structural realism, as it mainly analyses not the units of the international system, but the systemic level itself. Waltz's position is that reductionist theories, like classical realism, cannot explain international politics: "Reductionist theories, in Waltz's use of the term, fail to take adequate account of the systemic or structural determinants of international politics"⁴¹. Structural realism pays close attention to the architecture of international system and the numbers of great powers in the system.

Waltz proposes that states have the ultimate control and they define the nature of the system. These states are alike in that they act rationally in the international system and there is no need to reflect upon their internal policy or structure of government and "in the tasks that they face, though not in their abilities to perform them"⁴². States have different power and different capabilities in the international system. "Waltz looks at the distribution of capabilities or relative power. The reason that Waltz looks at variations in power <...> is because the distribution of capabilities is itself a system-wide concept."⁴³ According to Waltz, states in international system compete for power, because power brings security. "Waltz argued that states are forced to compete with each other for power because they desire security."⁴⁴ Neorealists concentrate on the outcomes of the interaction between state units that make up the international. Neorealists fail to explain the process that states use to construct their foreign policy as their analysis level focuses on the system. Hence, neorealism cannot explain the role energy resources in the policy makers' arsenal. The role of energy resources in foreign policy analysis definitely requires unit level analysis as states are not as alike as neorealists proposes them to be. About neorealism, A. Orban points out that "it does not to explaining the behaviour of a specific state"⁴⁵. Waltz primarily relies on the distribution of military capabilities in the international system. Because of that, he

³⁹ Anita Orban, *supra* note 13, p. 12.

⁴⁰ Colin Elman, *supra* note 26: 13.

⁴¹ Peter Sutch and Juanita Elias, *supra* note 9, p. 50-51.

⁴² *Ibid.*, p. 52.

⁴³ *Ibid.*

⁴⁴ *Ibid.*, p. 53.

⁴⁵ Anita Orban, *supra* note 13, p. 13.

does not include economical or other factors, like power stemming from the control of the energy resources, to analyse the states actions in the international system. His concept does not account for state power emerging from energy resources. According to this theory, aspects' emerging from energy resources, do not influence state behaviour.

The introduction of more in-depth analysis of the state units into the neorealism model has led to the development of two other neorealist disciplines, one being "defensive realism," basically constructed by Waltz himself, and the other "offensive realism," constructed by J. Mearsheimer.

4. THE ROLE OF ENERGY RESOURCES IN FOREIGN POLICY: DEFENSIVE REALISM

Defensive realism is a part of structural realism, which emerged from the neorealism concept. Kenneth Waltz and Stephen Walt had the biggest influence in forming the core ideas of defensive realism. Origins of defensive realism are in K. Waltz's book "Theory of International Politics"(1979). Defensive realism is closely connected to neorealism, and because of that it is hard to distinguish one theory from another. Defensive realism pays less attention to international system and its influence to state's foreign policy, and more attention to domestic politics.

Defensive realism like neorealism assumes that states expand in search for security, not power, and expand not because their power increased, but because they feel insecure. Zakaria summarizes the hypothesis of defensive realism theory: "Nations expand their political interests when they become increasingly insecure"⁴⁶. The expansion of power means an increase in security, more power means more security. S. M. Lynn-Jones suggests that the correct hypothesis of defensive realism is "states attempt to expand when expansion increases their security"⁴⁷. Zakaria's S. M. Lynn – Jones's hypothesis of defensive realism about national state interest expansion abroad is different from hypothesis of classical realism. Defensive realism underlines the idea that states would tend to expand when their security is in a weak rather than strong position.⁴⁸ This suggestion is contradictory as expansion requires resources and the states that are already in a weak position obviously lack resources to ensure their security and also to ensure successful expansion.

Zakaria suggests that defensive realism is flawed, because:

⁴⁶ Fareed Zakaria, *supra* note 27, p. 21.

⁴⁷ Sean M. Lynn-Jones, "Realism and America's Rise: a Review Essay," *International Security* Vol. 23 Issue 2. (1998): 170 // <http://web.ebscohost.com/ehost/pdf?vid=60&hid=102&sid=4d62655b-fca5-4088-a3a7-5b2db0bbf58e%40sessionmgr111> (accessed May 28, 2010)

⁴⁸ Fareed Zakaria, *supra* note 27, p. 22.

Security is malleable concept that is more difficult to operationalize than most terms in international relations. Almost any foreign policy act, from modest measures aimed at survival to ambitious steps leading to world empire, can be explained as a part of the search for safety.⁴⁹

A. Orban, like F Zakaria, presumes that "for defensive realism, the ultimate goal of state is power not security."⁵⁰ The defensive realism theory imperative states that the search for security leads to ignorance of other possible reasons for state power expansion.

This theory adds non-military power to the analysis. Stephen G. Brooks claims that "states are seen as seeking to enhance their share of economic resources, and hence their power, because it provides the foundation for military capacity, and furthermore because economic resources can themselves be used to influence other international actors."⁵¹ These assumptions about the importance of economical power create possibilities for the analysis of energy resources in foreign policy. Energy resources are the main drive of economical power leading to state power. The idea is supported with the assumption that if the "most cost effective way to enhance power is not through military conquest but other means, states go into that direction."⁵² Use of energy resources and manipulations in energy supply, or dependence on certain energy resources or suppliers creates possibilities for suppliers to influence other states, expand influence and direct other states in favourable way to their own agenda. Mentioned actions are more cost effective than conquest and do not affect the level of internal popular support.

Nonetheless, when analysing the role of energy resources in foreign policy, defensive realism cannot explain certain issues. One can explain the constant aim to expand state's energy security as the result of the states perception of its own weak position in terms of energy security. This represents interests of energy resources consuming and transit states, but this cannot explain actions of states energy resources producers when they try to expand their energy interests and power in foreign states. Trying to explain Russia's energy interests and expansion abroad based on energy security ideas would not reveal other possible interests and motivations of Russia, but would oversimplify the issue. Possible explanation of the oil embargo in 1973 through security interests would be too simple and would not reveal the real reasons, just like ongoing discussions for the dependency of Arctic

⁴⁹ *Ibid.*, p. 26.

⁵⁰ Anita Orban, *supra* note 13, p. 18.

⁵¹ Stephen G. Brooks, "Duelling Realisms (Realism in International Relations)," *International Organization* Vol. 51, No. 3 (1997) // <http://www.mtholyoke.edu/acad/intrel/brooks.htm> (accessed May 28, 2010).

⁵² Anita Orban, *supra* note 13, p. 18.

Ocean resources between states. Defensive realism, in denying the states strive for power, loses the ability to correctly assess the phenomenon.

Defensive realism does not take into account the ambitions of state leaders in foreign policy, giving explanation that states expand interests only when they seek security. Not taking into account leaders' ambitions ignores the important factors that do have an effect on the issue. Almost all the states seek dominance over other states, but this is constrained by the perceived potential power capabilities that the states have. Defensive realism does not explain why two or more states having very similar positions would achieve different levels of security. In order to explain the occurrence of these differences there is a need to include additional domestic variables, like government and citizens' evaluation of these security issues. Nevertheless, the above mentioned domestic variables are inadequate in explaining energy diplomacy or the use of energy resources in foreign relations when trying to expand political interests abroad.

According to F. Zakaria, when facing anomalies or seeking to expand its explanatory abilities, defensive realism creates auxiliary theories because at its core defensive realism fails to take into account the domestic level. In order for defensive realism to do that it has to find similarities "across wide spectrum of regimes"⁵³. Analysing the role of energy resources in foreign policy there is a need to analyse the domestic politics of states belonging to the same group (exporters, importers, transit states) and the influence of domestic perception on the role of energy resources in foreign policy. This potentially could steer the analysis in different directions which in turn would not necessarily highlight the importance of energy resources in foreign policy.

5. THE ROLE OF ENERGY RESOURCES IN FOREIGN POLICY: THE OFFENSIVE REALISM THEORY

Offensive realism like defensive realism developed from neorealism as another structural theory. Offensive realism was developed by John Mearsheimer in 2001. Offensive and defensive realism differ in the perception of how much security states want. For J. Mearsheimer "security in the international system is scarce."⁵⁴ Because of that "security requires acquiring as much power compared to other states as possible."⁵⁵ This suggests that power for states means security. As security is very limited states compete in order to gain as much power as they can to be more secure than other states.

⁵³ Fareed Zakaria, *supra* note 27, p. 28.

⁵⁴ Anita Orban, *supra* note 13, p. 15.

⁵⁵ Colin Elman, *supra* note 26: 18.

In the offensive realism theory there are five key assumptions:

- The international system is anarchic;
- Great powers inherently possess some offensive military capability, and accordingly can damage each other;
- States can never be certain about other states' intentions;
- Survival is the primary goal of great powers and great powers are rational actors
- Great powers are rational actors.⁵⁶

For Mearsheimer states, primary great powers, fear each other and they can rely only on themselves, and the best way to survive is to maximize states relative power. In this aspect offensive realism differs from defensive realism where states seek only a limited amount of power for security.⁵⁷ In offensive realism security first of all means military power. Nevertheless, states are not as aggressive or as willing to wage war for power as it might seem at first glance. For J. Mearsheimer states are rational actors and do not initiate wars that would lead to high losses, or would have devastating effects on the state.

According to A. Orban, in offensive realism security is aimed at survival and is not the only single goal of the state: "states sometimes pursue non-security goals, like economic prosperity, as long as they do not contradict the balance-of-power logic"⁵⁸. This assumption can be easily applied to the control of energy resources or development of economic prosperity. Energy resources are important for military might as well as economic prosperity as "economic prosperity creates wealth <...> which in turn can be easily transformed into military capability"⁵⁹. J. Mearsheimer notices the importance of other material power aspects – "states try to maximize both their wealth and their military capabilities for fighting land battles"⁶⁰ – but he underlines that wealth is less important than security, where military plays an essential role. Energy resources are less important than military might, as military might, not other aspects of other power, defines any state's place in the international structure.⁶¹

Offensive realism has the ability to explain the role of energy resources in foreign policy of the states exporting energy resources as long as energy resources are used to increase military preparedness and military power. This theory cannot explain the benefits of energy diplomacy if those benefits and profit do not primarily translate into military might, but to other aspects of state power, like economic

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

⁵⁸ Anita Orban, *supra* note 13, p. 15.

⁵⁹ *Ibid.*

⁶⁰ Colin Elman, *supra* note 26: 19.

⁶¹ Anita Orban, *supra* note 13, p. 16.

expansion. Energy resources are more important to the economical capabilities of a state than to its military power, simply because the amounts of energy resources used in for civilian needs is much greater in comparison to military uses. There is no direct dependency between the controlled reserves of energy resources or the amount of trade of energy resources and military might. Offensive realism hardly deals with explanations when energy resources are used as tools to increase political and diplomatic influence if it is not related to military aspects. Offensive realism also could not explain the role that energy resources play in the foreign policy of energy transit and energy consuming states. If in offensive realism energy resources could be assigned the importance equivalent to that which is given to military might, even then the theory would only allow the analysis of exporting states. Energy resource consuming and transit states are dependent on imports, and have very limited capabilities to use energy resources as an instrument in foreign policy. In this struggle, energy resource consuming and transit states are more on the defensive positions than offensive.

6. THE ROLE OF ENERGY RESOURCES IN FOREIGN POLICY: NEOCLASSICAL REALISM

Neoclassical realism is based on a synthesis of classical realism and neorealism with the inclusion of domestic variables to analysis as "neoclassical realism suggests that what states do depends in large part on domestically derived preferences"⁶². As neoclassical realists include "different state motivations"⁶³ this shows that neoclassical realism intercepts some aspects of constructivism:

The role played by domestic state institutions, ideologies, and shared elite-level threat perceptions in explaining international behaviors that deviate from neorealist expectations <...>, one can see more overt evidence of realists' recourse to factors that were formerly the preserve of constructivists in developing their arguments.⁶⁴

The inclusion of constructivist elements is deeply criticized by J. W. Legro and A. Moravcsik for violating the second and third premises of the realism paradigm.⁶⁵ Arguably, it should assume that the international system as well as domestic actors and domestic structure influence state foreign policy. According to F. Zakaria "A good theory of foreign policy should first ask what effect the international system has on national behaviour, because the most powerful generalizable characteristic

⁶² Colin Elman, *supra* note 26: 16.

⁶³ *Ibid.*

⁶⁴ Andrew Bradley Phillips, "Constructivism": 68; in: Martin Griffiths, ed., *International Relations Theory for the Twenty-First Century. An introduction* (New York: Routledge, 2007).

⁶⁵ Jeffrey W. Legro and Andrew Moravcsik, *supra* note 5: 19.

of state in international relations is its relative position in international system."⁶⁶ In neoclassical realism foreign policy is a dependent variable, as it incorporates relative power capabilities of the state and the perception of leaders about relative power capabilities. Leaders must also have freedom to direct the state's resources in the direction found necessary.⁶⁷ Neoclassical realism allows states to "be treated as "like units""⁶⁸.

In neoclassical realism the main actors in the international system are not states, but state leaders – statesmen. Zakaria underlines that "Statesmen, not nations, confront the international system"⁶⁹. Statesmen also construct the architecture of the international system. Statesmen cannot use all the power of state regardless of what it is: military, economical or energy capabilities. Statesmen can use only part of the national power that a state apparatus can extract for its purposes in order to realize its aims. F. Zakaria suggests the following hypothesis of neoclassical realism: that "Nations try to expand their national interests abroad when central decision-makers states perceive a relative increase in state power."⁷⁰ On the other hand state power can be increased by statesmen increasing the abilities of the government apparatus to extract power from national power.

Neoclassical realism, mainly state-centred realism as part of neoclassical realism, distinguishes two types of power: national power and state power. "The measure of National power is sometimes confined to military strength, but often <...> it is gauged using aggregated material indicators such as GDP, percentage of world trade, and population."⁷¹ Waltz argues that power is very fungible and can be easily converted from one type of power to another, for example economic power can be converted to military and so on. Nevertheless there are certain limitations; not all power of one type can be converted to power of another type.

State power is described as the "function of national power and state strength"⁷² and the ability of the state apparatus to extract national power for its purposes.⁷³ The state here is understood as:

An organization, composed of numerous agencies led and coordinated by the state's leadership (executive authority) that has the ability or authority to make and implement the binding rules for all the people as the parameters of rule

⁶⁶ Anita Orban, *supra* note 13, p. 20.

⁶⁷ *Ibid.*, p. 20-21.

⁶⁸ Tim Dunne and Bryan C. Schmidt, "Realism": 171; in: John Balys and Steve Smith, eds., *The Globalization of World Politics: an Introduction to International relations*. 3rd edition (Oxford University Press, 2005).

⁶⁹ Fareed Zakaria, *supra* note 27, p. 35.

⁷⁰ *Ibid.*, p. 42.

⁷¹ Farred Zakaria, *supra* note 27, p. 19 (originally Kenneth Waltz, "Reflections on theory of international relations: A response to my critics": 333; in: Robert Keohane, ed., *Neorealism and Its Critics* (Columbia University Press, 1986)).

⁷² Farred Zakaria, *supra* note 27, p. 38.

⁷³ *Ibid.*, p. 35.

making for other social organizations in a given territory, using force if necessary to have its way.⁷⁴

This suggests that different states have different capabilities in international relations. The capabilities of a state depend on how broad the state is and if it possesses sufficient capacity to carry out its wishes.⁷⁵ In order to have greater possibilities to expand its interests abroad, firstly there should be national power that could be extracted by state institutions for its purposes. The neoclassical realism (state-centered realism) approach to state power is rational and objective, as governments, not nations, shape foreign policy and select tools for implementation of politics. It is clear that not all economical power of a nation could be transferred to military power, and never can all national economical power be utilised for the propose of achieving states goals, as well as energy power or any other type of power. Energy resources are not part of foreign policy until it is possible to extract them for states purposes. According to A. Orban, for Zakaria states expand "as a consequence of material resources"⁷⁶.

Neoclassical realism offers good avenues for the analysis of energy resources in foreign policy as theory concentrates on material power, and underlines importance of state domestic structure, as well as statesmen perception of international system. These aspects create the opportunity to explain the different positions of energy resources in foreign policy of different states. They even allow analysing changes of energy resources in foreign policy perception in certain periods of time when national energy power does not change. Examples of Russia or Venezuela here fit perfectly, as energy resources became more important in foreign policy after changes in government (when Vladimir Putin and Hugo Chavez took the offices). Presented aspects of neoclassical realism allow for the analysis of energy resources in foreign policy not only in exporting states, but also in importing and consuming states.

The neoclassical realism theory also suggests a quite simple approach without the need to analyse domestic politics in detail. When changes in decision making group or changes of perception in it are found they could be used to explain changes in states' interests in the international system, and changes in foreign policy. This would not lead to a very deep domestic analysis that would distort the analysis, and would give attention to other objects, rather than object of analysis.

Classical realism as well as neorealism accentuates constraints in the international system, but domestic constraints for the analysis of foreign policy are

⁷⁴ Freed Zakaria, *supra* note 27, p. 35-36 (originally Jolel Migdal, *Strong Societies and Weak States: State-Society relations and State Capabilities in the Third World* (Princeton University Press, 1988), p.19).

⁷⁵ Farred Zakaria, *supra* note 27, p. 38-39.

⁷⁶ Anita Orban, *supra* note 13, p. 21.

important as well. National power elements transfer to state power elements in order to realize themselves in the expansion of state interest abroad, which adds additional parsimony. This is especially important for the analysis of energy resources in foreign policy as it makes possible an explanation of the main differences between states belonging to the same group (exporters, consumers, transit states).

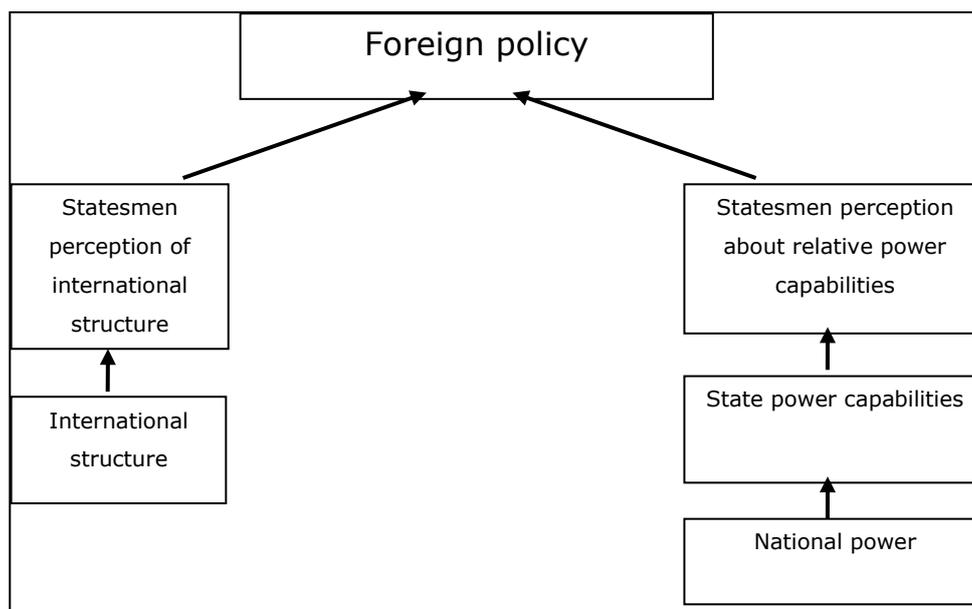
Energy resources in foreign policy to realize interests abroad are used more commonly in states where the energy sector is more closely related to government, as compared to states where the energy sector is more distinct from government. It is more difficult to transfer energy resources from national power to state power where energy sector is more distinct from governmental structures. This explains why states more distant from democracy use energy resources in foreign policy more commonly and more efficiently when expanding state's interests abroad.⁷⁷ This suggests that nondemocratic states have more possibilities not only to use energy resources in foreign policy to expand interests abroad, but also to ensure energy security if states are consumers and transit states. In democratic states decision making is decentralized and in order to maintain democracy and competitiveness lots of procedures have to be carried out. With fewer procedures and nondemocratic processes, nondemocratic states can transform energy power to state power more efficiently in order to expand national interests abroad.

To sum up, neoclassical realism is a theory where domestic variables interact with systemic forces to keep parsimony. Neoclassical realism is a theory that allows analysis of the role that energy security plays in states foreign policy. In this theory interactions and variables are closely interconnected, suggesting wide explanations and predictions.

⁷⁷ Norway, Canada and Mexico cannot acquire state power from energy resources when expanding their influence abroad efficiently enough, it is much easy to be done in by Saudi Arabia, Russia, Venezuela, and Iran.

EXPLANATION OF FOREIGN POLICY BY NEOCLASSICAL REALISM THEORY

Scheme 1



CONCLUSIONS

Because energy resources are material objects and demand a materialistic ontology and positivistic epistemology, the realism paradigm is best suited for analysis. Energy resources in foreign policy should be analysed in a realistic paradigm, as material power or hard power is in the centre of this paradigm. Also states not only maintain their dominance over energy resources, but try to increase it, as energy resources are elements of strategic importance, and there exists no universal energy market that suggests that the liberal paradigm should be waived.

The realism paradigm for a long time took into account only military power, but other material aspects of power as well are highlighted in the realism paradigm as suggested by H. J. Morgenthau. The changing environment of the international system suggests that non-military aspects of power are becoming more important. Energy resources in the contemporary world become very important elements of power, where military power is used in order to expand control over energy resources. There are no acting global supranational organizations that could deal with issues of energy resources in foreign policy, so states are the main actors that use energy resources in their foreign policy. States are rational actors, but rationality in energy resources does not necessary mean economic rationality, as it can be sacrificed in order to increase state power and influence abroad. States struggle for survival or compete for domination, and in order to reach goals states compete for power, namely, in the form of material elements.

Classical realism has a state-centric view, a concept of motivation and political action that is power, for which states compete with each other. Material resources are elements that allow for expanding states greater influence abroad, which leads to increased power in the control of material resources. This is applied to energy resources as well. Energy resources create possibilities to increase a state's relative power. Classical realism cannot explain a situation in which the state does not expand influence abroad even when its power increases. Classical realism lacks independent domestic variables that allow for the explanation of differences between states belonging to the same group.

The neorealism theory is state-centric, and concentrates on systemic level analysis. Neorealism accentuates international system's constraints on states. Waltz suggests that states compete for power, because power brings security. Neoclassical realism does not include domestic variables of states, and domestic elements do not influence unit behaviour. It is essential to include domestic variables, in order to explain a state's foreign policy.

Defensive realism is a structural theory that assuming that states expand their influence abroad when they seek security. Defensive realism includes domestic variables in its analysis. Suggesting that states expand only in search for security, defensive realism loses parsimony, as states also strive for power. The theory includes non-military power aspects and it allows for the inclusion of energy resources in the analysis. When facing anomalies defensive realism creates auxiliary theories, and suggests that wide domestic policy analysis should be done. However, in doing so it loses its focus on the energy resources.

Offensive realism, another structural theory, suggests that states seek to acquire as much power as possible. Energy resources in the theory are important as long as they increase military might, because military might is the most important element of power of state. Offensive realism lacks parsimony when power extracted from the energy resources is used for the increase of economic, political or diplomatic power abroad, but not for the increase of military power. Offensive realism cannot explain role of energy resources in foreign policy of energy importing and transit states.

Neoclassical realism is a synthesis of classical realism, neorealism with the inclusion of domestic variables, and some aspects of constructivist theory. Foreign policy is a dependent variable while independent variables are the international system, statesmen's perception of system, statesmen's perception of state's power capabilities. Foreign policy depends on states' capabilities to use power elements in that matter and energy resources. Different state power and different perception of international system allows for explaining different roles of energy resources in

state's foreign policy, of states belonging to the same group. States seeking to expand influence abroad use energy resources in foreign policy more commonly and states having greater state power – power to extract resources from national power – can use energy resources in foreign policy more actively and efficiently.

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