

American College Dublin

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MBA573 The historical economy of oil and gas 2018

Credits:	3 (6 ECTS)
Credit level:	Stage award
Prerequisites:	None
Mandatory:	For the oil and gas concentration of the MBA
Lecturer:	David Horgan
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MODULE DESCRIPTION

This course examines the economic history of the oil and gas business, from its beginnings in Titusville, Pennsylvania, to the globalized world of the post-Cold War era. It emphasizes the role of the interactions between geo-political and business decision making in shaping both the oil and gas industry and much of the history of the twentieth and twenty-first centuries. Topics considered include the beginnings of the industry in the United States, the emergence of Standard Oil and its role in shaping the oil business, the role of the internal combustion engine and the Great War in escalating demand for oil, the globalizing of the industry in the interwar years and the continuing escalation of demand, the role of oil security in widening and shaping World War Two, the emergence of nationalism and nationalization in recasting the business in the postwar world, the rise of OPEC, and the changes wrought by the ending of the Cold War, including the emerging influence of increasing demand in the developing world, environmental considerations and energy industry innovations.

LEARNING OUTCOMES

On successful completion of the module the student will have attained the following learning outcomes:

1. An awareness of the historical development of the interplay between supply and demand in the oil and gas business;
2. A critical awareness of how the shape of the oil and gas business first developed in the United States and underwent subsequent developments worldwide in the course of the twentieth century;
3. A comprehensive understanding of the influence of historical and geo-political forces on the oil and gas industry and the impact that industry has had on world history since the early 1900s; a sophisticated

- understanding of the tensions and resulting adaptations between the government, the nation state and nationalization on the one hand, and capitalist free enterprise on the other;
4. A critical awareness of how in the post-Cold War world new and emerging perceptions of energy supply and demand, economic development, the environment and energy innovation are shaping the global oil and gas business and influencing contemporary economic and geo-political activities;
 5. An ability to select from complex and advanced insights into the historical development of the oil and gas business for the purpose of evaluating and executing strategically aware, nuanced and effective decisions in the present-day oil and gas business.

TEACHING AND LEARNING METHODOLOGY

Teaching will comprise weekly lectures on key theories, followed by robust discussion and participation in respect of pertinent case studies and relevant current articles in the business press. This will be supplemented by guest speakers and multimedia. Learning will comprise of weekly reading of pertinent chapters, articles and case studies prior to lectures, active class participation, group case study presentation, and assignments. The module places considerable emphasis on self-directed learning; students are required to take responsibility for initiating research, developing strategies for the analysis of problems, and using critical independence in producing, papers, projects and presentations

LEARNING OUTCOMES MAP

Learning outcomes	Content	Delivery	Assessment
1.	Sections 1,2	Readings, case study, lecture, group work, guest lecturers.	Case study, assignment, exam and participation.
2.	Sections 2,3	Readings, case study, lecture, group work	Exam, participation, and assignment.
3.	Sections 4-10	Readings, case study, lecture, group work	Case studies, exam, participation, and assignment.
4.	Sections 7-9	Readings, case study, lecture, group work	Case studies, exam, participation, and assignment.
5.	Sections 9, 10	Readings, case study, lecture, group work	Case studies, exam, participation, and assignment.

6.	All sections	Readings, case study, lecture, group work	Case study presentation, assignments and participation.
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COURSE OUTLINE

WEIGHTING

1. Introduction: context, geology, production	10%
2. The new light Readings: Yergin, chapters 1, 2	10%
3. Standard Oil Readings: Yergin, chapters 2, 3	10%
4. Royal Dutch and Shell Readings: Yergin, chapters 4-9	10%
5. Anglo-Persian Readings: Yergin, chapters 10-15	10%
6. The inter-war years Readings: Yergin, chapters 16-19	10%
7. The post-war world Readings: Yergin, chapters 20, 21	10%
8. Capitalism, nationalism and the new shape of the business 10% Readings: Yergin, chapters 22-8	
9. The OPEC ascendancy Readings: Yergin, chapters 29-32	10%
10. Oil and gas, energy innovation and the environment since 1989 Readings: Yergin, chapters 33-7, epilogue	10%

REQUIRED TEXT

Class notes will be distributed.

Daniel Yergin, *The prize: the epic quest for oil, money and power* (Free Press, 2008)

Vaclav Smil, *Energy and Civilization: A History* (MIT Press, 2017)

Antonia Juhasz, *The Tyranny of Oil* (Harper, 2008)

READINGS

Eirik Albrechtsen and Denis Besnard, *Oil and Gas, Technology and Humans: Assessing the Human Factors of Technological Change* (Ashgate , 2013);
Carol A. Dahl, *International Energy Markets: Understanding Pricing, Policies and Profits* (PennWell, 2004);
Peter Dicken, *The Global Shift* (5th Edition, Sage Publication, 2007);
Morgan Downey, *Oil 101* (Wooden Table Press, 2009);
Davis Edwards, *Energy Trading and Investing: Trading, Risk Management and Structuring Deals in the Energy Market* (McGraw – Hill, 2010);
R. Gilpin, *Global Political Economy: Understanding the International Economic Order*, (Princeton University Press, 2001);
Trevor Houser and Shashank Mohan, *Fueling Up: The Economic Implications of America's Oil and Gas Boom* (Peterson Institute for International Economics, 2014); Andrew Inkpen and Michael H. Moffett, *The Global Oil and Gas Industry: Management, Strategy and Finance* (PennWell, 2011)
Geoffrey Picton-Turbervill (ed), *Oil and Gas: A Practical Handbook* (2nd Edition, Globe Business Publishing, 2014);
Daniel Yergin, *The quest: energy, security, and the remaking of the modern world* (Penguin, 2012)

INFORMATION RESOURCES

Electronic:

www.eia.gov (US Energy Information Administration)

www.iea.org (International Energy Agency)

www.oqj.com (Oil and Gas Journal)

PennNET

Petroleum Journal Online

American Oil and Gas Reporter

The Economic Journal

Journal of International Business

Oil and Gas Eurasia

Oil and Gas Financial Journal

Oil and Gas Investor

Oil and Gas Journal

Oil Review Middle East

Petroleum Africa Magazine

World Energy

ASSESSMENT/GRADING

Assessments

The following must be completed satisfactorily by any student undertaking the standard assessment of the course.

Assessment will take the form of:

Individual presentation	20%
Paper	20%
Class participation	10%
Final Exam	<u>50%</u>
	100%

Individual presentation: Students will deliver a ten minute presentation on an agreed topic. Students will be assessed on their knowledge of the issues, level of analysis, recommendations and presentation skills. The student will then lead a discussion on the case study after the presentation. The other students in the class must read the presentation for that week and prepare questions for the student presenting.

Assignment: A paper of 2,000 words on one of the themes of the course will be assigned.

Short tests: A number of short tests will assess the student on material covered in class.

Exam: The end of semester examination will be three hours long; students will be asked to answer three questions out of a total of five.

Grading

Each component of the course will be assessed separately. Students will be graded according to the grading system in the ACD Quality Assurance Manual.

ATTENDANCE

Class attendance is necessary for the achievement of intended learning outcomes. In the case of illness it is the student's responsibility to telephone the College office to notify the lecturer (see *Academic Policies and Procedures* in the ACD Catalogue and the QA Manual).

ACADEMIC DISCIPLINE

Refer to the subsection on Academic Discipline in the current ACD Catalogue and QA Manual.

Essay and presentation

Write an essay of approximately 2000 words on one of the following:

1. How do you assess John D. *Rockefeller's* achievements, and the ultimate undoing of *Standard Oil*? Was John D. Rockefeller a hero or a villain? Does this depend on whether you judge Standard Oil by the standards of his time or today? Are there modern parallels to Standard Oil?
2. Compare and contrast the development of Shell and Royal Dutch up to their merger in 1907. What role, if any, did personalities play? Did both sides win in the merger into Royal Dutch Shell? What parallels, if any, do you see with Shell's 2015 acquisition of BG (British Gas)? Why do companies acquire? Who wins and who loses?
3. Why was the '*Texas Railroad Commission*' established and by whom? Did it succeed? Was it unique? How did it influence countries other than the USA? How did it differ from *OPEC*? How should such market regulation work?
4. To what extent was *World War 2* a war about energy and natural resources? Was acquiring oil reserves part of German and Japanese war aims? How did they pursue their objectives? How did the Allies respond? What lessons can we learn?
5. Why were the *oil price* (and costs) so volatile? Were they always volatile? Why were there some periods of stability? What lessons can we learn?
6. To what extent, if any, has friction between *western and Islamic* civilisations influenced the oil & gas industry? Compare and contrast the different histories of the Anglo Persian Oil Company, Iraq, Saudi Aramco, and Libya. What will happen next?
7. How did the *Indian* (and/or, if you prefer, Nigerian or Chinese) energy industries develop differently from colonial powers? Was British rule good or bad for Indian industry? Would you have supported the British or Japanese in WW2 - or stayed neutral – and why? How has Indian energy and industrial policy evolved since 1947?
8. Why do *Oil Shocks* happen? How, if at all, was the 1973/74 war Oil Shock different to the 1979/80 Iranian Revolution Oil Shock? How could the next crisis happen?
9. Does oil & gas history explain why some producers suffer from a 'resource curse'? Which countries managed their industries well and

badly? Why did the successful countries develop without corruption while many stagnated? What lessons can we learn?

10. What are the uses and shortcomings of 'what-if' or 'alternative history'? How would events have differed if the pre-WW1 Royal Navy had not switched to oil? What if the USA had not embargoed oil exports to Japan in 1941? Could WW2 Germany have seized adequate oil production, and if so where and how?

A presentation on the main findings to date of the research essay should be made to the class. The presentations will be delivered in November 2018.

Essay due date: 1st November 2018