Annu. Rev. Environ. Resour. 2005. 30:9.1–9.35
doi: 10.1146/annurev.energy.30.050504.144456

RIGHTEOUS OIL? HUMAN RIGHTS, THE OIL COMPLEX AND CORPORATE SOCIAL RESPONSIBILITY

Michael J. Watts
Department of Geography, University of California, Berkeley, California 94720;
email: mwatts@berkeley.edu

Key Words petroleum, oil complex, human rights, regulation, corporate social responsibility, conflict

■ **Abstract** One of the most important aspects of the rise of post-1945 global capitalism has been the call for transnational corporations to conform to basic human rights principles. This chapter reviews the efforts within the oil industry (with a particular focus on their operations in the less-developed countries) to develop corporate social responsibility and the related development of voluntary, legal, and statutory programs by governments, nongovermental organizations (NGOs), civic groups, and multilateral agencies to ensure that the oil industry is compliant with important human, social, political, and environmental rights. In reviewing these developments, I outline the current political economy of the oil industry, new bodies of research on the relations between oil, violence, and human rights violations, which include case studies of the human rights records of transnational and joint-venture oil operations.

CONTENTS

INTRODUCTION: THE ETHICS OF CAPITALISM 9.2
THE OIL COMPLEX 9.5
PETROVIOLENCE, PETRO-STATES, AND DEMOCRACY 9.8
OIL AND HUMAN RIGHTS VIOLATIONS 9.15
Environmental and Health Rights 9.16
Corruption and Fraud 9.16
Transparency, Accountability, and Oversight 9.17
Indigenous Rights and the Land Question 9.17
Business in War 9.18
Militarization, Security, Militia, and Human Rights Violations 9.18
Community Development and Stakeholders' Rights 9.19
Oil Theft and Organized Crime 9.20
Fiduciary and Financial Irregularities 9.20
Worker and Labor Rights 9.20

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

THE RISE OF CORPORATE SOCIAL RESPONSIBILITY 9.21
CAPITAL AND COMMUNITY: A CASE STUDY 9.26
JUST EXTRACTION? 9.29

INTRODUCTION: THE ETHICS OF CAPITALISM

In November 1993, a Philadelphia law firm filed a $1.5 billion class action suit with 46 plaintiffs from the oil-producing Oriente region of Ecuador, on behalf of 30,000 Ecuadorian citizens, against Texaco Inc. The heart of the suit turned on allegations of corporate irresponsibility associated with the company's oil operations. Serious illnesses, water contamination, and ecological destruction attributed to the oil company—the consequences of 20 years of drilling—had, in the words of an anthropologist with many years of research in the region, "endangered the lives of tens of thousands of people" (1). Oil exploration began in the Oriente in the wake of the collapse of the rubber economy during the 1920s (2, 3). Since 1970, 300,000 colonists entered the region, generating overnight boom towns, unplannned development, and new social tensions. The Oriente, home to a complex array of Indian communities, was quickly converted into a landscape of oil "blocks" or concessions. Close to 30 companies operate as joint ventures with the Ecuadorian state and its national petroleum company. During the 1980s, the pressure for debt service coupled with a neoliberal agenda imposed by a series of civilian governments placed further pressures on opening new oil concessions through the reform of the hydrocarbon law in 1982. In 1988, ARCO and two other companies were involved in prospecting and drilling in Block 10 in Pastaza Province, the site of a protracted, indeed an ongoing, struggle.

So began a long legal battle of the Indian organizations, federations, and communities against the oil companies, which culminated in the Texaco class action lawsuit filed in New York in 1993 (4). The case was delayed, for a variety of reasons, including Texaco's claim that it could not accept the jurisdiction of the U.S. court (the case was one of the first environmental lawsuits ever filed in the United States by foreign plaintiffs alleging that a U.S. corporation violated international law by causing environmental harms abroad). Finally, in 2003, the second Court of Appeals in New York ordered ChevronTexaco to submit to the laws of Ecuador, invoking as precedent the 1787 Alien Tort Claims Act. On October 21, 2003, the case was heard before Alberto Guerra Bastidas, president of the Supreme Court of Justice in Lago Agrio, Ecuador (4–6). On January 14, 2005, the judge announced the reopening of judicial investigations of the oil sites and the alleged environmental despoliation.

The Oriente-Texaco case—a story linking human rights, legal action, corporate responsibility, and state and private oil companies—has garnered enormous attention, but it could be replicated many times over. Earthrights International, a nongovernmental organization (NGO), brought charges against the Unocal arguing that the Yadama pipeline had led to extensive human rights abuses: specifically

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

rape, death, and the disruption of a local way of life. This case was recently settled out of court (7). In 2003, Human Rights Watch released a massive study of the complicity of oil companies in human rights violations in Sudan (8). These clashes between a global oil industry and a vast transnational human rights advocacy network have become increasingly commonplace.[1]

There is now a small army of civil society groups, watchdog agencies, and NGOs devoted to the monitoring and surveillance of corporate activity in an increasingly global world. By the same token, the corporate world has developed a series of codes of conduct and other voluntary mechanisms to comply with the concerns of the human rights and other activist constituencies (9, 10). In sum, the oil industry is an arena in which new forms of global regulation and governance are being developed, fought over, and implemented.

The purpose of this chapter is to review key aspects of the movements and practices—governmental, multilateral, corporate, and civic—associated with the call for transnational corporations to conform to basic human rights principles. I review the efforts within the oil industry (with a particular focus on their operations in the less-developed countries) to develop corporate social responsibility (CSR) and the related development of voluntary, legal, and statutory programs by governments, NGOs, civic groups, and multilateral agencies to ensure that the oil industry is compliant with important human, social, political, and environmental rights. In reviewing these developments, the focus is on the current political economy of the oil industry (what I call the oil complex) as the precondition for understanding the social and political dynamics around which human rights issues have developed, new bodies of research on the relations between oil, violence, and human rights violations, overviews of case studies of the human rights situation within the oil sector, and finally an examination of forms of regulatory activity designed to address these problems.

The human rights-oil question has a particular saliency and visibility at present, which is the product of a number of factors. The rights-based approached to development promoted by United Nations (UN) Development Programme (UNDP) in

[1]The international advocacy network working on oil and human rights is now very substantial, including Global Witness, Christian Aid, Catholic Relief, International Alert, Human Rights Watch, Amnesty International, the Open Society Institute, the International Crisis Group, OXFAM, and phalanxes of other NGOs within the oil-producing countries. Interested readers may also consult Project Underground (http://www.projectunderground.org), Amazon Watch (http://www.amazonwatch.org), OilWatch (http://www.oilwatch.org), CorpWatch (http://www.corpwatch.org), the Center for Social and Economic Rights (http://www.cesr.org), and the Institute for Policy Studies (http://www.ips.org). A large bibliography of sources on the impact of the oil and gas industry can be found on the World Bank website as part of its extractive industries project (http://www.worldbank.org/html/fpd/energy/ogsimpact/ghrkrd.htm). Another source is the Mining, Minerals and Sustainable Development Project, a collaboration between the International Institute for Environment and Development and the World Business Council for Sustainable Development (http://www.earthprint.com).

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

its 1997 report (11), the UN Global Compact established in 2000, and the ongoing work of the UN Office of the High Commission for Human Rights (12) have all promoted the idea of an "inclusive dialogue" between transnational capital and its erstwhile critics. For the oil industry—an industry not only distinguished by its size, power, and strategic significance but also by a long association with violence and empire (13, 14)—the question of corporate practice and human rights has a particular saliency in the twenty-first century. The Cheney Energy Task Force (15) in 2001 highlighted the security dimensions of increasing U.S. dependence on imported oil. Central to the report's findings were (*a*) the need to diversify U.S. suppliers (to Africa in particular) in the context of market volatility, (*b*) the strategic problems associated with key oil suppliers as "failed states," and (*c*) the heated public and scientific debate over oil scarcity and Hubbert's Peak (16, 17). More critically, within months of the release of this report, the U.S. government was at war with Iraq amid a rancorous debate over whether this was "blood for oil," over excessive influence of the "supermajors" in the White House and in key policy circles, and indeed over the operations of the oil majors in the reconstruction of Iraq (18–21).

Business has a long and deep history, of course, with respect to legal, ethical, and regulatory frameworks for the conduct of its operations (22); Cicero wrote of ethical business practices two millennia ago! The last two decades have been marked, however, by a powerful new confluence of forces: the triumph of a worldwide neoliberalism compelling the opening of markets and facilitating global flows of capital; an aggressive push by corporations to expand their operations into all corners of the world ("emerging markets") operating with, and through, all manner of undemocratic governments; and not least the rise of a global human rights movement (powered by multilateral agencies, governments, and NGOs) for whom corporate business practices on the global playing field must be made transparent and accountable in terms of a broad interpretation of human rights. In the wake of the Enron, Global Crossing, and WorldCom corporate corruption crises and the spectacular rise of Eliot Spitzer as a torchbearer for ethical conduct in the investment and insurance industries, corporate responsibility to multiple stakeholders (to workers, shareholders, local communities, and governments) seems to hold center stage in the United States and elsewhere (23, 24). In early 2005, for example, a Human Rights Watch (25) report condemned the U.S. meatpacking and slaughterhouse industries for gross violations of basic human rights and for breaching international agreements promising safe working conditions. Not surprisingly a 2005 survey by the Gallup Poll (25a) found that "big business" was the most widely distrusted of all U.S. institutions.

The recent questioning of the ethics of U.S. businesses on American soil has been matched by the rise of a global CSR movement (26–29), itself a product of both domestic and international forces arising from increased capital flows (especially direct foreign investment) and the deregulation of trade and investment. The global operations of a number of key industries, including apparel and shoes (the "antisweatshop movement"), computer and electronics subassembly, and the

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

extractive sector (30–32), have come under special scrutiny—primarily pertaining to labor, environment, and bribery issues, and this is the ground on which CSR has emerged. It is a measure of the extent to which CSR and "corporate citizenship" have blossomed over the last decade that virtually all major transnational corporations (TNCs) have in their annual reports a justification of their activities in terms of "service to the community" and "stakeholder representation." A recent issue of the *Economist* devotes its special survey to CSR (33); many universities offer MBA degrees in CSR, and the business world is awash with consultants, auditors, and public relations companies providing third-party verification and certification of corporate behavior.[2] At the same time, CSR is an object of intense debate in the World Economic Forum at Davos and the NGO "counter-summit" held in New York in June 2004.

At the heart of contemporary CSR and debates concerning the operations of the oil industry is a long-standing historical suspicion of the consequences of unregulated markets and of the global search for profit. In a much discussed book and film entitled *The Corporation*, Columbia Law Professor Joel Bakhan put it starkly: "As is true of any ruling institution, the corporation now attracts mistrust, fear and demands for accountability from an increasingly anxious public" (34). The oil industry has, in fact, emerged as one of the most important test cases for the credibility of meaningful CSR and, more ambitiously, of a global business ethics (35, 36).

THE OIL COMPLEX

How might one understand the broad setting of the oil sector within which human rights questions, corporate practice, and CSR have developed? There are two key aspects that emerge from the literature. The first I call the "oil complex," which turns in fact on the distinctiveness and the international restructuring of the current political economy of the oil industry over the past 40 years. The second is the so-called petro-state, that is to say the national organizational of the oil-producing states. The structure and dynamics of these two entities provides the indispensable frame within which the politics, conflicts, and human rights violations surrounding oil can be best understood.

In the past 40 years, the oil industry (and oil markets) experienced a sea change driven in large measure by the insurgent nationalism of Third World producers beginning in the 1930s and culminating in the formation of the Organization of the Petroleum Exporting Countries (OPEC) and the oil boom of the 1970s (37–39).

[2]See, for example, Corporate Register (http://www.corporate-register.com), Global Environmental Management Initiative (http://www.gemi.org), Global Reporting Initiative (http://www.globalreporting.org), ISO 14,000 (http://www.iso14000.com), SGS International Certification Services (http://www.ic.sgsna.com). KLD Research & Analytics, an investment research firm in Boston, offers ratings covering four broad categories: community, diversity, human rights, and the environment: (http://www.kld.com/benchmarks/dsifaq.html).

The new global institutional configuration provided an expanded role for nationalized companies (confirmed in the proliferation of joint ventures and joint-production agreements) (41, 42). As a consequence, a radical shift occurred from the Great Cartel system put into place in the 1930s (dominated by three trans-Atlantic companies) to the so-called limited flow arrangements of the post-1970 period. It marked the genesis of something I call an "oil complex" (40); that is to say a configuration of social, political, and economic forces with a broadly similar "petrostructure" in most developing country settings, such as Venezuela, Gabon, or Indonesia. Key to this oil complex is the dual restructuring of the industry: What Klare (43) refers to as the "economization of security" (i.e., the control of strategic natural resources as an explicit part of security policy) and the U.S. "global acquisition strategy."

To grasp the coordinates of the oil complex requires some understanding of the recent history of the oil industry and the analytical insight provided by the path-breaking work of Nitzan & Bichler (37). The OPEC revolution ushered cycles of conflict, militarization, and revolutionary upheaval—the so-called energy wars—in the major oil-producing regions and especially the Middle East. It represented a curious double movement—the shaping of the oil market by politics and the privatization of the arms market, which produced what Nizan & Bicher (37) call the creation of a "Weapondollar-Petrodollar Coalition" (WPC). In the 1950s, virtually all of U.S. armament exports had been provided as foreign aid. By 2000, the figure had fallen to one quarter. Privatization of the arms trade proceeded apace within the military trade, and the ubiquitous military contractor now provides everything from grunts to morticians (44). The key to the rise of the armaments industry—the shift from aid to trade—was in fact OPEC, with its newfound wealth (37). In 1963, the Middle East accounted for 9.9% of global arms imports; in the decade following 1974, the figure was 36% (roughly $45 billion per year) (45, 46). Almost half was provided by U.S. suppliers. For every 1% change in oil revenues, there was, three years later, a 3.3% increase in arms imports (37). The energy conflicts across the region were both cause and consequence of oil-fuelled militarization. The events of the past four years have marked yet another phase in this cycle of market volatility and war (20, 37, 47, 48).

The reconfiguration of the global oil industry has, in other words, produced close alignments between oil, finance, and weapons of war, and it has witnessed a close association between oil security as a strategic concern and various types of conflict. At the same time, the postcolonial state—the oil-dependent government or petro-state (49)—has assumed a central significance within the broader architecture of an international political economy of oil dominated by the U.S. global acquisition strategy. The WPC highlights the operations of the oil complex and petro-state. First, Third World nationalism and the rise of the petro-state (a state-owned oil company—typically under direct presidential control and a massive black box of malfeasance and corruption) was the necessary partner with whom the oil TNCs were compelled to jointly operate. The second was the emergence of ever-more powerful oil supermajors, operating in a vast complex of global networks; one

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublish^SM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

fundamental aspect of which is the configuration of oil, arms, construction, and the global illicit economy. Third, a deepening of the extent to which oil supply is construed as a national security issue (most especially as part of U.S. hegemony). Fourth, from the vantage point of the United States in particular (but also European and East Asian oil-importing advanced capitalist states), the emergence of an oil strategy in which special relationships (diplomatic, military) were developed with key oil suppliers (the Saudi-U.S. axis being the paradigmatic case). Fifth, the necessity for oil companies to operate in undemocratic, military, and weak post-colonial petro-states (failed or rogue or crony capitalist to use the current parlance) (51). And sixth, the extent to which oil, and the energy sector generally, has been associated with violence, conflict, and war means that business operations are often conducted in settings—the conditions in Iraq speak powerfully to the point—in which human rights violations and oil acquisition are inextricably interconnected (52–57).

Against this background, the oil complex is a center of political and economic calculation (see Figure 1) (40, 58) that overlaps with, but is not identical to, the notion of a petro-state (59–65). The latter is comprised of several key institutional elements: (*a*) a statutory monopoly over mineral exploitation, (*b*) a nationalized (state) oil company that operates through joint ventures with oil majors who are granted territorial concessions (blocks), (*c*) the security apparatuses of the state (often working in a complementary fashion with the private security forces of

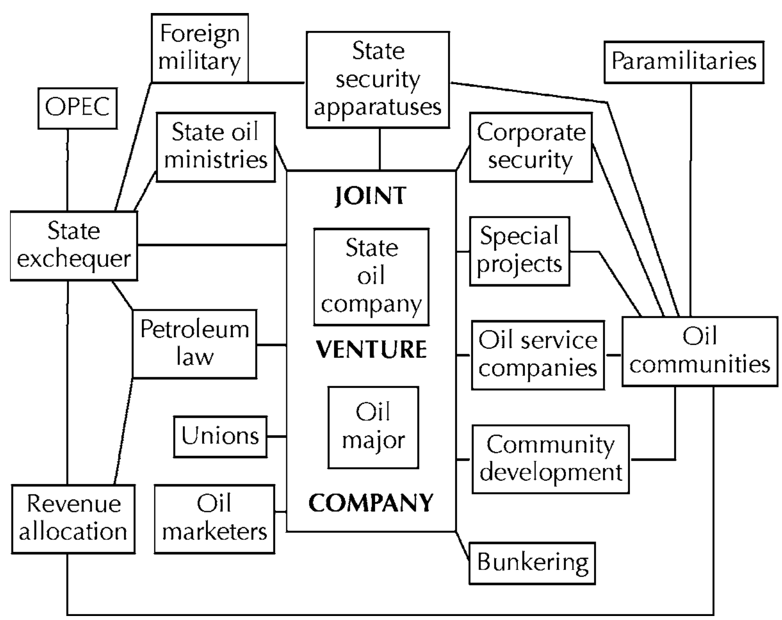

Figure 1 The oil complex.

the companies) ensure that costly investments are secured, (*d*) the oil-producing communities themselves within whose customary jurisdiction the wells are located, and (*e*) a political mechanism by which oil revenues are distributed. These five dimensions stand at the heart of the petro-state.

But overlaid upon the national petro-state is a volatile mix of other forces. First, the geostrategic interest in oil means that military and other forces are part of the local oil complex. Second, local and global civil society enters into the oil complex either through transnational advocacy groups concerned with human rights and the transparency of the entire oil sector or through disputes, raised by local social movements and NGOs, over the consequences of the oil industry and over the accountability of the petro-state. Third, the transnational oil business—the majors, the independents, and the vast oil service industry—is actively involved in the process of local development through community development, CSR, and stakeholder inclusion. Fourth, the inevitable struggle over oil wealth—who controls and owns it, who has rights over it, and how the wealth is to be deployed and used—inserts a panoply of local political forces (e.g., ethnic militias, paramilitary forces, separatist movements) into the vortex of oil complex forces (the conditions in Colombia are an exemplary case). In some circumstances, oil operations are the object of civil wars (66, 67). Fifth, multilateral development agencies [the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD)] and financial corporations (i.e., the export credit agencies) appear as key "brokers" in the construction and expansion of the energy sectors in oil-producing states, and latterly the same multilateral institutions have emerged as the enforcers of transparency among petrogovernments and oil companies. And as indicated above, there is the relationship between oil and the shady world of drugs, illicit wealth (oil theft for example), mercenaries, and the black economy. The oil complex is a sort of corporate enclave economy (68) and in this sense harkens back to dependency theory and the enclave character of "modernization," but its character and dynamics are quite specific to the oil sector and the historical moment in which oil is a strategic asset.

PETROVIOLENCE, PETRO-STATES, AND DEMOCRACY

The operations of the oil complex and the petro-state have generated a substantial body of work examining the relations between oil, violence, conflict, and antidemocratic politics. Of course, one needs to point out, as Yergin (14) details in his encyclopedic account of the industry, that right from the start in the early twentieth century, oil extraction has gone along with the most ruthless and open imperial violence, with repeated warfare (the development of aerial bombardment and terror was refined by the British in their campaigns in Mesopotamia), and with a sort of lawlessness characteristic of the corporate frontier. Iraq is the result of just these processes (56, 69, 70). The Iraq Petroleum Company (IPC)—reconstituted in 1928 as a condominium made up of the Anglo-Persian Oil Company (itself partly government owned), Shell, the Compagnie Française des Petroles, and a group of five U.S. companies spearheaded by Standard Oil—was essentially coterminous with the new British client state. The so-called Principal Agreement of March 24, 1931 (a revision of the earlier Article of Convention of March 1925), granted the IPC a massive tract of 32,000 square miles of Iraqi territory with absolutely no relinquishment provisions. A hastily convened Iraqi Parliament signed off on what has been called one of the worst oil deals that has ever been signed, endorsing the IPC demand that no taxes be imposed.

This so-called concessionary economy was a model of violence and human rights violations. A ramshackle, decrepit dependency, propped up as a sovereign entity, grants to an oil company an exclusive right to explore and develop oil over a defined territory for extended—often indefinite—periods of time. The company, armed with full title to, and unfettered disposability of, all oil resources operates with total impunity, promising niggardly payments (royalties, rents, and taxes) to the host government. Through these concessions, the Great Cartel—the so-called Big Three (Jersey, Shell, and Anglo-Persian)—came to control 70% of global oil output by the 1930s (37).

As oil became a central plank of post-1945 American policy, the legacy of conflict and violence continued (17, 71–73). Oil, in fact, became part and parcel of the Cold War. The Gulf figured centrally in the American strategy. The U.S. State Department in 1944 was already referring to oil as a stupendous source of strategic power. By war's end, the new political cartography of oil was drawn in full. Roosevelt, returning from Yalta in February 1945, met with the Saudi monarch and declared that his country was more important to U.S. diplomacy that virtually any other nation (13, 56). In 1947, Truman and Dean Acheson turned directly to big oil companies for strategic assistance. The oilmen would provision Europe and the armed forces in Asia (notably Korea and Japan); in return, the oil companies were given the head of President Mosadeq in Iran (71) and a military base in Daharan (the center of Aramco's Saudi operations). The coordinates were clear: an interstate coalition with the Gulf sheikhs, an alliance between the military (plus the Central Intelligence Agency) and big petroleum companies, and an international oil system superintended by American firms.

Oil was key not only to shoring up the Marshall Plan, but also to exercising veto power over Japanese imports, the threat of remilitarization, and the spread of communism in Asia. When in 1968 the British announced their intention to withdraw forces from the Gulf over the next few years, no less a figure than Henry Kissinger stepped in—"to keep Iraq from achieving hegemony in the Persian Gulf" (73). Local forces were to be strengthened in the face of a possible Iraq-USSR alliance. Monarchical rule (Shah Pahlavi in Iran and the Saudi royal family) anchored in massive militarization became the twin pillars of U.S. strategy.

Not surprisingly, this generated nationalist reactions and local resistance. It was not at all clear to local elites how the oil business worked nor how prices were set. Nationalism had, as John Foster Dulles noted in 1958, made it more difficult for the oil companies to maintain a decent position (56). In the wake of

Mosadeq's fall in Iran, came other petronatonalists: Abdul Karim Qasim in Iraq, Perez Alfonso in Venezuela, and Abdullah Tariki in Saudi Arabia. Under Iraqi tutelage, OPEC was born on September 14, 1960, as a counter cartel. The meeting of the five core states in Baghdad seemed to promise the oil companies' and the advanced capitalist states' worst nightmare: insurgent nationalism turned into a trade union. As it happened, OPEC sat dormant for a decade, but the confluence in 1973 of Libyan radicalism, assertive oil independents, and an Arab oil embargo precipitated by U.S. support for the Arab-Israeli War, marked the final death throes of the old system. But in turn, it launched a system as violent and conflict prone as the colonial cartel (37, 56).

And the story continues up to the present. Petroviolence is rarely off the front pages (41, 74). The Caspian basin reaching from the borders of Afghanistan to the Russian Caucuses is a repository of enormous petrowealth; Turkmenistan, Kazakstan, Azerbaijan, Georgia, and the southern Russian provinces (Ossetia, Dagestan, Chechnya) have however become, in the wake of the collapse of the Soviet Union, a "zone of civil conflict and war" (75). In Columbia, National Liberation Army guerrillas blew up the Cano Limon pipeline, and Occidental Petroleum, in a long-running battle with indigenous populations, was confronted with the prospect of 5000 U'wa Amerindians committing mass suicide if their tribal lands became a site of oil extraction (76). And it is surely not too much of a stretch to see the black and sticky residues of Middle East petroleum in the wreckage of the recent bombings in Dar es Salaam, Nairobi, New York, and Washington, DC. Islam, neoliberalism, and oil make for a highly combustible mixture (40, 77, 78).

A variant of the oil-conflict couplet has gained particular currency in the current Iraq war where blood for oil is seen as the overwhelming motive for the occupation of Mesopotamia (19–20, 48, 70). Interstate conflict in this case turns on the plotting—a mapping—of personal connections, large oil companies' business networks, and the revolving door of government–corporate power (140–144). Cheney's April 2001 National Energy Strategy (15), crafted early on in the Bush presidency by the oil lobbyists and high-ranking executives from the supermajors, is often held to provide the state's own explicit set of justifications concerning the blood-for-oil linkage. Iraq had displaced Saudi Arabia as a swing producer and needed to be brought under American imperial rule at a moment of growing scarcity (13, 17, 19, 48). Although this argument has merit, it comes close to being a sort of commodity determinism and substitutes the power of capital for the power of oil.

A new and important body of research (in the main by economists and political scientists) has charted the relations between oil—indeed natural resources in general—and economic growth, democracy, and war. Sachs & Warner (79) have posited a strong association between resource dependency, corruption, and economic performance; one standard deviation increase in the ratio of natural resource exports to gross national product is associated with a decrease of just over 1% in the overall economic growth rate (irrespective of the endogeneity of corruption, commodity price variability, and trade liberalization). Leite & Weidmann (80) of

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

the IMF believe that for fuels the figure is 0.6% and due "entirely to the indirect effect of corruption." There is also a "petro-Malthusian" version turning on the scarcity of oil and its relation to conflict. Klare (17, 43) and Homer-Dixon (81) see oil as a dwindling resource—and a key strategic one—that will necessarily be generative of interstate conflict. This is a line of argumentation developed by Collier and the World Bank (54, 82) using resource dependency as a way of thinking about rebellion, especially in Africa, where oil is central to the economics of civil war. "Countries with low, stagnant, and unequally distributed per capita income that have remained dependent on primary commodities. . . .face dangerously high risks of prolonged conflict" (82).

Natural resource dependency permits, indeed encourages, extortion and looting through resource predation [at least up to the point where 25% of gross domestic product (GDP) is dependent on resource extraction, which produces a 30% likelihood of civil war in low-income countries (82)]. It is especially the feasibility of predation (by states or rebel groups) that determines the risk of conflicts of various sorts. Rebels predate through secession, and in the case of oil, it is territorial control of oil-bearing lands that acts as the stimulus to separatist conflicts (e.g., Cabinda in Angola, Biafra in Nigeria, Aceh in Indonesia). For Collier and his colleagues (82) "secessionist rebellions are considerably more likely if the country has valuable resources with oil being particularly potent"; when the natural resource endowment is double the average of low-income countries, the risk of a war is 8%, and in oil-producing states, the risk that such a war will be secessionist is 99.5%. In this view, the likelihood of secessionist war is made greater because of resource dependency than either ethnic or religious diversity. This body of work suggests that not only is primary commodity dependence in general linked to the onset of war, but it may also influence the duration and intensity of the conflicts. Others (83–85) contest these claims. Some (86) see oil as especially potent in its causal properties for the onset of civil war.

The association between conflicts, human rights violations, and the failure of economic development is certainly important. Nevertheless there is much contradictory evidence [Ross (85) finds no evidence that looting funds rebel groups or that resource wealth always makes conflicts worse.] There is some evidence that the causal relations flow the other way (civil war in Angola, for example, expanded resource dependency). But it also confuses the effects of oil with incumbent politics and presumes a predation proneness for what is in fact the dynamics of state and corporate enclave politics (76, 84, 87). Oil does seem to be quite robust in its association with violence (and interestingly seems to have a strong relationship with "preemptive repression," whereby petro-states repress insurgencies with particular violence because they appeared to threaten the government's key resource). But as Ross notes, "resource wealth and civil conflict are linked. . .by a variety of [causal] mechanisms" (85). What is especially striking in much of this work is the total invisibility of both the oil companies and the forms of capitalism that oil engenders. What has to be explained in more detail is why oil-based development so frequently fails and how, as well as why this may produce secessionist tendencies and other civil conflicts in which all manner of human rights violations may occur.

The heart of this question is the petro-state, itself part of a larger class of political phenomena, in which extractive economies and unearned income dominate state revenues (typically through the state being able to capture rents through public control of the resource). The petro-state is, then, a rentier state (63, 88–90) in which oil revenues (petrodollars) typically account for a significant proportion of GDP and a larger percentage of both government and export revenues (over 80% of state and export revenues in oil-producing states like Saudi Arabia, Nigeria, and Venezuela). Petro-states are distinguished by what we might call a sort of *fiscal centralization* (or a peculiar fiscal sociology) and an *economic globalization*; the oil revenues flow directly to the state exchequer, thereby centralizing money and power in such a way that state-led linkages become the primary force of development and simultaneously inserting the state into the global oil market (subject to its volatilities) and into the complex institutional configuration of the global oil system (OPEC, supermajors, and international geopolitics). The petro-state is dominated however by revenue flows and the political mechanisms by which oil rents are absorbed, distributed, and spent (91–96).

The case of Nigeria (Figure 2), for example, has five means by which this is effected: a federal account (rents appropriated directly by the federal state); a state derivation principle (the right of each state to a proportion of the taxes that its inhabitants are assumed to have contributed to the federal exchequer); the Federation Account (or States' Joint Account), which allocates revenue to the states on the basis of need, population, and other criteria; a Special Grants Account, which includes monies designated directly for the Niger Delta, for example the Oil Mineral Producing Areas Development Commission established in 1992; and the Niger Delta Development Commission formed in 2001. Over time, the derivation revenues have fallen (and therefore revenues directly controlled by the oil-rich Niger Delta states have shriveled) and the States' Joint Account has grown vastly. In short, there has been a process of radical fiscal centralism (97–99). In turn, this has produced a dependency of all levels of government on oil revenues, and a reduction in the dependency of the state on other non-oil sources of revenue (not the least of which is income and other taxes levied on Nigeria citizens and companies).

The heart of the petro-state, then, becomes the politics and management of oil revenues (100, 101). In practice the petro-states are "paradoxes of plenty" (64). Enormously wealthy on the one hand (vast orgies of consumption for some) yet marked by poor economic performance and growing inequality on the other (60, 102). More than anything petro-states are haunted by the absence of anything like revenue transparency.

Oil-dependent economies are, in spite of their vast resource wealth, some of the most sordid, chaotic, socially unjust, and inequitable of all political economies (78, 93, 103–107). Oil states distinguish themselves each year by being ranked lowest in Transparency International's annual World Corruption Index. As the proportion of GDP accounted for by oil increases, economic underdevelopment, state corruption,

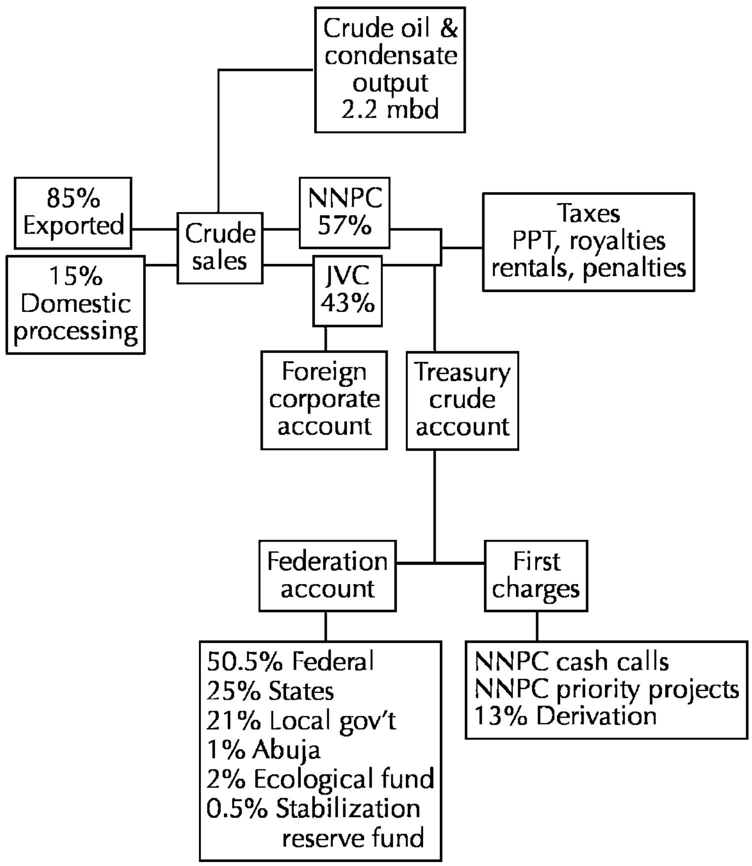

Figure 2 Oil revenue flows, Nigeria 2004 (99a, 99b). Abbreviations and definitions used are JVC, joint venture companies; NNPC, Nigerian National Petroleum Company; penalties, gas flaring penalties; PPT, petroleum profit tax; rentals, pipeline and rental fees.

and political violence grow in equal measure. The paradox of plenty is one of the few issues on which the IMF, development-guru Jeffrey Sachs, the human rights industry, the Catholic Church, and millions of urban poor are in full agreement. How else to explain the fact that $1.7 billion a year disappeared from the state oil company SONAGOL in Angola between 1997 and 2001? How else to explain the $6.4 billion debt facing Congo-Brazzaville as a legacy of TotalFinaElf's history of influence peddling, bribery, and obscure offshore deals (49, 103)?

A raft of reports by NGOs and watchdog groups have documented strikingly similar patterns across petro-states from Gabon, to Colombia, to Indonesia, and to the Caspian basin. Oil's paradoxical qualities (93, 108) operate along a number of

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

dimensions that might be thought of as structural "pathologies" as outlined in the Bottom of the Barrel report (93).

- Oil produces a massive ambition marked by uncontrolled and unrealistic appetites.
- Petro-states expand public spending and overshoot (i.e., overspend through mega projects and state profligacy that results in large external debts).
- Rent-seeking behavior (corruption) proliferates as oversight and transparency diminishes.
- Oil booms create fiscal management problems.
- Oil wealth results in a mortgaging of the future through excessive borrowing.
- Non-oil sectors collapse (the so-called Dutch Disease).
- Oil revenues displace other revenue streams, compounding problems of accountability and transparency.

But in the human rights community, it has been the staggering corruption and the appalling lack of transparency associated with the collusions between oil states and the supermajors that emerged as key policy questions in the 1990s. The petro-state became a concern not just for the human rights community but for international diplomacy and global regulatory agencies (66). Karl (64) and others have shown how oil tends to promote patronage and rent seeking rather than statecraft, transparency, and state-institutional capacity. But it is the rank corruption, fraud, embezzlement, and outright pillage of the public purse that strikes to the core of the rights violations perpetrated by states and companies. Perhaps the classic case is the scandal of "Angolagate" (49, 109) that broke in France in 1999. What began as a legitimate self-defense by a legitimate government to control UNITA's rebel insurgents culminated with the appropriation and laundering of oil wealth through parallel budgets, overpricing of arms deals, and mortgaging oil futures. Global Witness documented both the complicity of the oil companies in the economic abuses of the ruling Angolan elite and the oil companies" decision to withhold information about payments to the state, which was contrary to their public position that they are not political. But these are just a few of the documented instances; other importants cases include the following (which can be multiplied many times over): Haliburton's payments in Nigeria for oil service contracts, Shell's overestimation of reserves to acquire state subsidies (also in Nigeria, and in Australia), massive payments by BP to acquire oil blocks in Angola, scandalous corporate bribery in Kazakhstan, Mafiosi-like oil companies in Russia, and missing funds in the billions in Sao Tome and Congo-Brazzaville, in part derived from loans for mortgaged oil (74, 103, 110, 111). And then there are the almost surreal stories of oil-fuelled mercenaries, money laundering, and internationally organized oil theft.

It is for this reason that petro-states have come to be seen as suffering from a resource curse. Ross (112) expresses the symptomology through the following trio of processes: oil's rentier effect, whereby low taxes and high patronage dampen pressures for democracy; its repression effect, conferred by direct state control over sufficient revenues to bankroll excessive military expenditures and expanded internal security apparatuses; and a modernization effect, namely the move into higher-paying and much sought after industrial and service sector jobs that render workers less likely to push for democracy. These three vectors further compound the fact that the oil industry is largely an enclave, has limited linkage (employment) effects, and generates few nonstate multiplier effects.

Ross's work is both useful and provocative, but it is unclear about what is specific to oil (as opposed to extraction and state unearned income in general) and whether his analysis amounts to a sort of commodity determinism. Oil has specific properties (it is a fluid, it tends to be moved in pipelines, it has a particular market structure, oil corporations have distinctive attributes, and so on). But in this sort of analysis, it is not clear what causal powers these material and other features of oil actually possess. Ross's analysis on its face might just as well hold for gold in South Africa. Furthermore, if oil hinders democracy (as though copper might liberate parliamentary democracy?), one surely needs to appreciate the centralizing effect of oil and the state in relation to the oil-based nation-building enterprises that are unleashed in the context of a politics that predates oil (40). Rather than see oil dependency as a source of predation or as a source of state military power, other work explores how oil capitalism produces particular sorts of enclave economies and particular sorts of rule, characterised by violence and instability, that are rooted in the oil complex (113). To do so, the qualities of oil in relation to predation matter (oil and diamonds are very different as sources of predation), but so do the practices of transnational oil companies, the role of the criminal economy, the actions of state and foreign security apparatuses, and the dynamics of local oil-producing communities.

OIL AND HUMAN RIGHTS VIOLATIONS

There is insufficient space to provide detailed inventories of the human rights record in the oil industry, and instead, I cover the broad categories of rights violations that have appeared in the academic and advocacy fields. The cases are complex because the violations emerge from the intimate relations—legal, institutional, political, and diplomatic—between states (petro-states or foreign state interests) and the oil business. Most oil operations in the developing world operate as joint or consortial ventures, and as a result, there are complicated forms of legal responsibility on the one side and complicity and spheres of influence on the other (12, 114, 115). All parties—supermajors, independents, service companies, and governments—attempt to shift blame and responsibility to each other and to other parties. Companies claim that they are not political and cannot intervene in ways that compromise national sovereignty; they claim that the lack of transparency is often imposed by state dictate; and they often claim ignorance or limited control over subsidiaries. States in turn are happy to blame private companies (with whom they operate contractually) in order to absolve themselves and to impose

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

expectations (infrastructural development, community outreach) on companies that should be in part or whole their own responsibility; and in any case, they claim the legitimate right to protect strategic resources. In general, the entire operations of the all parties are shrouded in a secrecy, typically couched in terms of national security that make the disclosure of actual operations almost impossible to verify. National oil companies, such as Saudi Arabian Oil and Iranian National Oil, are literally "black boxes" about which almost nothing is known; the memoranda of understanding between oil enterprises are rarely if ever disclosed. CSR leaves many aspects of transparency and accountability beyond public scrutiny.

Environmental and Health Rights

Environmental rights issues operate at a number of levels. The first is environmental despoliation, primarily through oil spills, blowouts, hydrocarbon releases around refinery and oil installations, and the consequences of gas flaring. The cases of the Niger Delta, Ecuador, and Colombia are especially well documented (1, 3, 116, 117). In Nigeria, there have been more than 4800 spills between 1970 and 2000, and Nigeria has the highest flaring rates in the world (12% of the world's total in 2002). Pipeline construction raises the question of species protection and biodiversity (118). Massive dredging in deltaic areas has enormous ecological implications, as does the pumping of water into wells (especially in the arid Middle East). Traditional livelihoods can be devastated by pollution, explosions, and by displacement. The second issue is the extent to which corporations and state oil companies monitor their environmental impacts, make public environmental impact statements, have adequate compensation and cleanup mechanisms in relation to harmed communities, and are subject to codes of conduct to ensure the maintenance of facilities. Environmental lawyers and activists working in the Caspian basin in Azerbaijan and Kazakhstan, for example, are reported to have never seen oil company environmental impact assessments or indeed the environmental standards stipulated in the production-sharing contracts with Chevron and Unocal (119). The third issue is the extent to which local judiciaries (often corrupt and/or limited by authoritarian state policies) are capable of addressing legal action brought by harmed parties. In Nigeria, TNCs often tie up legal cases in the courts for 10 to 15 years (120). Many oil spills are neither recorded nor acted upon, and national environmental legislation (including the requirement to provide environmental impact assessments) is rarely effective. Company cleanup is often tardy, limited, and shrouded in secrecy to prevent accurate estimation of spillage and damages (121). The oil companies have often made no serious effort to discover what the impact of their activities is on the environment (122).

Corruption and Fraud

This is a central aspect of the poor governance and management record of the oil sector (110). It is hard to overestimate the scale of venality and the scale of appropriation of oil funds (the current on-going inquiry (there are five Congressional

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

investigations in train and one by the Department of Justice) over the UN Oil-for-Food program in Iraq is a multilateral version of the petro-state phenomena). The corruption operates at a number of levels: the privatization of public office by state functionaries (especially within the oil ministry and state oil company); the looting of oil revenues by well-placed military and political representatives; the use of signatory payments by oil companies to acquire oil blocks; kickbacks for various contracting work; the use of oil mortgages to acquires loans from international financial institutions (as the basis for personal gain); illegal commissions; and illicit oil-for-arms deals (109). In many oil states, the oil portfolio is under the direct jurisdiction of the president. Global Witness (103) has documented the extent of corruption and fraud in Kazakhstan, Angola, and Equatorial Guinea. This looting of the state, in turn, worsens income distribution, takes resources for developmental and social welfare programs, and represents a radical (and illegal) privatization of a national resource (104).

Transparency, Accountability, and Oversight

The entire edifice of oil operations and the practices of the joint ventures is effectively secret (93, 123–127). Corporations rarely disclose the nature of payments; indeed the details of the memoranda of understanding between governments and companies, to the extent they mean anything, are rarely available. National oil companies are distinguished so often by the lack of official figures, audits, or annual accounting, and there are vast discrepancies between the figures that are released. Detailed breakdowns and confirmation of company expenditures on community development, on oil reserves, and on environmental impact are almost impossible to access and verify (105, 128). There are few if any transparent and accountable mechanisms to document the flow of oil revenues, and whether the expenditures of oil revenues (through contracting or as community development) ever appear on the ground. Third-party confirmation of corporate and state practice is nonexistent in petro-states, such as Sao Tome, Colombia, and Kazakhstan.

Indigenous Rights and the Land Question

Oil operations are frequently located within the territory of indigenous peoples (Ecuador, Colombia, Indonesia, Nigeria, Angola, East Timor, Burma). In most petro-states, the government established a statutory monopoly over oil as a national resource. Yet ethnic and indigenous minorities often have incorporated within constitutions, or though the application of customary law, important rights over their oil-bearing land (129). This has given rise to claims over access to and control of oil revenues as well as access to the oil companies as key stakeholders. Standoffs between indigenous peoples (the U'wa in Colombia, the Ogoni in Nigeria for example), often precipitated by environmental despoliation and lack of compensation and payments, have often deteriorated into tense and conflicted relations (130, 131). Companies often only pay lip service to local communities, offer irregular and minimal payments for the use of tribal and other lands, use systems of compensation that are variable and unsystematic at best, and permit shallow community participation. The entire arena of land is deeply fraught. Companies typically operate through local chiefs or elites—often equally unaccountable—and are reluctant to engage directly the panoply of local stakeholders. Resettlement, compensation, royalties, protection, and land tenure have bedeviled extractive industries generally (30, 130). There is an overwhelming lack of anything like a robust and accountable set of governance structures linking capital and community (128).

Business in War

The complex relations between oil and violence mean that many extractive industries operate in conditions of deep enmity and conflict, and occasionally civil war and insurgency (52, 53, 132). The human rights concerns occur because continued oil operations can become the basis for continued or expanded military action, and companies' profits may in part reflect the benefits conferred by state violence (displacement, scorched earth policies, suppression of dissent). The Indonesian state imposed martial law and terrorized Aceh in the 1990s, and it gave the military a large role in both the planning and execution of gas and oil installations. The role of a number of oil companies in Afghanistan in relation to the rise of Taliban rule and the civil war has been exposed as deeply unethical (50). A Human Rights Watch report on Sudan (8) is especially damning. Here preemptive repression has been very severe. Beginning in the late 1990s, the Sudanese Muslim government created a *cordon sanitaire* around the 936-mile pipeline that brings oil from the rebellious South to the North. Since 1999, the government has been involved in massive human rights violations, moving people from the oil-producing regions—175,000 remain displaced—with the complicity of the companies. Lundin Oil, for example, discovered a reserve at Thar Jath in 1999, but conflicts caused them to suspend operations After aerial bombing and executions by state forces, Lundin Oil resumed operations. The Talisman Oil Company has also been directly involved in the civil war, with evidence of the deployment of *mujahideen* and child combatants to confer security around Block 5. Few of the companies spoke out against the atrocities or made any effort to provide community assistance (Talisman's community program was 0.1% of posttax revenue), and a number allowed the government to use their facilities during its military activities against the pastoral communities.

Militarization, Security, Militia, and Human Rights Violations

Oil companies often operate in circumstances of (*a*) civil war and military insurgencies (Columbia, Sudan, Aceh), and occasionally (*b*) interstate conflicts (Iraq, Caspian basin, Afghanistan), and (*c*) military governments or undemocratic regimes in which the security and military apparatuses defend or secure oil operations (Nigeria, Kazakhstan, Sao Tome). Almost invariably, oil and gas operations are defended and secured by some combination of foreign, state, or private security forces (44, 95, 115). It is no accident that virtually all foreign oil companies operate out of highly defended paramilitary compounds and that any oil installation

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

will have police and military posted outside their facilities (this is as true in Russia as in Venezuela and Saudi Arabia). The question becomes then: How do companies (especially the supermajors and majors) operate in zones of conflict, war, and suppression of political dissent? Companies have every right to protect their facilities (all companies hire so-called supernumerary police), and security arrangements between governments and companies are inevitable (companies are often legally required to report all security matters to the government). Furthermore, companies often confront communities and movements in difficult circumstances, in which theft, sabotage, and attacks on facilities compromise their operations. But the question of codes of conduct, internal systems of deployment, and the secrecy of such arrangements are nonetheless imperative (the security guidelines in the memoranda of understanding between governments and companies are never made public). The record here is not especially heartening. Nigeria is an archetypical case (105, 133, 184). In the early 1990s, under a succession of psychotic military rulers, ethnic minorities in the Niger Delta were subject to extraordinary human rights violations perpetrated by the notorious mobile police and by special state security forces (Operation Salvage, Operation Flush, Rivers State Task Force) under Colonel Okuntimo. In 2001, 10,000 cases were submitted before the Oputa Panel—Nigeria's Truth Commission—from the Ogoni alone. By the late 1990s, 20% of Shell's workforce was devoted to security, and Shell has an extensive system of surveillance and monitoring of protests and conflicts in the Niger Delta. U.S. military support to the Columbian government to protect pipelines has become part of a brutal military campaign to suppress insurgents (and indigenous opposition to the oil industry). In Burma, Unocal was accused of a number of gross human rights violations. In Africa, oil companies have admitted importing arms and deploying private military forces, and they have been directly involved in a number of killings of oil protesters. Company complicity—of using their considerable leverage—to exert pressure on undemocratic governments to deploy security forces against oil workers or oil-producing communities (all the while hiding behind the cover of state sovereignty) is both disturbing and widespread. Internal company guidelines for security are rarely made public and are often inchoate; companies rarely screen security forces made available by the state, rarely investigate claims of abuses, and almost never make public the provision of their security arrangements with government and security companies (128).

Community Development and Stakeholders' Rights

Relations between host communities (communities in which oil operations are located) and oil companies have been especially fraught (125, 134, 135). A part of this tension is related to the land question noted above. But the larger question is the extent to which local communities have been excluded from the purported benefits of the oil industry. In most oil states, community development has been minimal (at least until the rise of a CSR movement). Employment opportunities have been few and development projects minimal and typically incomplete (i.e., paramedical facilities without staff or medicines), marked by the absence of anything like local institutions at the community level that provide a forum in which relations with the company and community development can be articulated and discussed. What passes as development is usually contracts and bribes—so-called cash payments—with influential traditional elites, orchestrated through ineffective or corrupt community liason officers. In some cases, companies have hired local thugs and community youth groups to protect their installations (40, 76). Sustainable community development is the current watchword for corporate outreach to the communities, now often devolved to local NGOs or even multilateral development agencies as partners (135, 172, 182). Little has changed, however, in terms of the human rights record.

Oil Theft and Organized Crime

One neglected aspect of the oil complex is oil theft, referring to both small-scale tapping of fuel pipelines and large-scale theft ("bunkering") via barges and flow stations for the international market. Bunkering accounts for roughly 10% of U.S. imports and in Nigeria perhaps some 200,000–250,000 barrels per day are stolen (40). In the Caspian region, oil theft is related to organized crime and to the Chechnyan rebel movements [similarly in Colombia (183)]; in Nigeria, oil theft (with the active involvement of high-ranking military and naval personnel, politicians, and oil executives) has been partly captured by ethnic militias and warlords. The conspiracy of silence between the major actors covers up a vast illicit industry (see http://www.legaloil.com).

Fiduciary and Financial Irregularities

Multilateral development institutions (the IMF, the International Finance Corporation, the IBRD) have been directly involved with oil states both in direct loan activity and in the facilitation of loans for the oil and energy sectors. Similarly, credit agencies and international banks have, on the basis of future oil guarantees, extended loans to corrupt oil states under conditions of limited scrutiny (103, 127, 136). The question of transparency and accountability is key, but the issue more generally is the extent to which stakeholders have institutional avenues to shape the decisions made by such agencies. The question of participation and oversight for the Chad-Cameroon pipeline is a case in point.

Worker and Labor Rights

The oil sector employs both local workers (drawn from the in-country labor market) and contract foreign workers (often from the country in which the company is based). The question of parity between local and foreign workers, the recognition of worker rights (often in circumstances in which the states limit trade union activity), and the relations between company employment and oil host communities have been central to the calls for CSR. On the oil fields, where expatriate workers of

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

various sorts and host-country nationals work and live, something like apartheid has operated (137, 138). In other cases, the growth of boomtowns around oil compounds has produced a massive proliferation of prostitution and the sex trade, which the oil industry has done nothing to regulate or control.

THE RISE OF CORPORATE SOCIAL RESPONSIBILITY

From the side of business, CSR is synonymous with compassionate capitalism (145). The World Business Council for Sustainable Development defines CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of its workers. . .as well as the local community and society at large." There is substantial variation and often confusion in such definitions (23, 28, 128, 146, 147), which has permitted companies to see CSR as a voluntary add-on to business practice. On its face, CSR endorses corporate policies that any company should have in place (not lying to employees, not paying bribes, conforming with national labor legislation, and so on). But in its most ambitious form, CSR attempts to make binding commitments upon companies to ethical investment and to embed corporate activities—as sites of enormous nonstate power—more fully in the architecture of the UN Universal Declaration of Human Rights, the UN International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights (148–151), as well as the UN Code of Conduct for Law Enforcement Officials and the UN Basic Principles on the Use of Force and Firearms.

As a movement, CSR took off in the 1980s and flowered in the 1990s. In the postwar economy, the growth of transnational capital flows and the maturation of the supply-chain and subcontracting economy through corporate affiliates were hardly constrained by national or international regulation. It was not until the 1970s that a more critical approach to TNCs emerged under the banner of a call for a New International Economic Order. The UN Center for TNCs (established in 1974) developed a Draft Code of Conduct for TNCs, complemented by the International Labor Organisation's (ILO's) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (1977), as well as several proposed codes by UN Commission on Trade and Development and the Organisation for Economic Co-operation and Development's (OECD's) Declaration on International Investment and Multinational Enterprise (29, 137). By the 1980s, the regulatory regime was changing rapidly, and the expanded role of the multilateral institutions [including the newly formed World Trade Organization (WTO)] facilitated a radical shift by the 1990s toward less-strict ownership and profit repatriation requirements as well as an open-door policy toward foreign investment. By the time the neoliberal revolution was in full sway, only the OECD and ILO codes survived, and both were voluntary and limited in their reach and efficacy.

Against a backdrop of liberalization and deregulation, the late 1970s saw a shift toward voluntary corporate codes of conduct driven in large part by the

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

International Telephone and Telegraph scandal in Chile and revelations about bribery and questionable payments. In 1978, a study of 174 codes found that more than half covered questionable payments. By the mid-1980s codes were less visible, but the combination of the backlash against the *maquiladora* plants and the public pressures exerted around the subassembly and apparel industries produced a second wave of corporate codes focused on environment and labor. By 2000, the OECD found that of 246 codes almost two thirds referred to green and labor issues. The rise of a well-organized (and partly 'virtual') antiglobalization movement from below—including the mass demonstrations and violence in Seattle, Genoa, and Washington, DC—began to draw attention to fair-trade issues and to the role of the multilateral institutions such as the World Bank and WTO. The extractive sector (linked specifically to war and bribery) and the buyer-driven value chains associated with consumer goods, such as garments, footwear, and vegetables, have become particular objects of intense scrutiny, often focused on individual companies (for example Global Exchange's campaign's against the Gap and Nike). Unlike the 1970s, however, when the vision, embodied in the UNCTC Draft Code, was international regulation, the corporate codes were entirely voluntary.

Modern CSR was born during the 1992 Earth Summit in Rio as an explicit endorsement of voluntary approaches rather than mandatory regulation (the latter approach drawn up by the UN Center on TNCs was defeated by a voluntary program promoted by a coalition of influential companies and backed by the Group of Eight countries). But what moved CSR forward in the 1990s was a combination of corporate disasters—in which the oil sector proved central—and the growing effectiveness of the human rights advocacy network. It was Shell's handling of two public relations disasters, the Brent Spar incident in the North Sea (1995) and the hanging of Ken Saro-Wiwa in Nigeria (1995), that launched the social investment movement. By 1997, Shell had launched its cornerstone creation, the "Statement of General Business Principles," which included the company actively seeking out NGOs for policy dialogue, and BP's "What we stand for..." statement was released in 1998. In North America, it was the antisweatshop movement, the antidams movement, and efforts directed at the extractive sector [the case of "blood diamonds" and their relationship to the fuelling of civil war and insurgency was the key case (152)] that proved to be the catalysts for the proliferation of corporate codes of conduct. By the late 1990s, virtually all of the oil firms had in place some code of conduct and had revamped (on paper at least) their approaches to community development, environmental responsibility, labor, and payments.

The codes within the oil sector vary considerably and are often weakest in the most important areas: disclosure, monitoring, and enforcement. But the appeal of the voluntary codes for the oil firms was clear (122). Key stakeholders—shareholders and consumers in particular—were prepared to boycott products and companies on social and environment grounds. Second, CSR makes companies attractive to both mainstream investors and the ethical-investment sector. Third, CSR improved the public image, particularly against a backdrop of public relations

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublish^SM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

disasters such as the Ogoni case for Shell (153). Fourth, CSR provided a mechanism by which companies could consult with civil society at a time when principles of openness and engagement were appealing to governments and donors alike. BP's interactions with Christian Aid on its oil operations in Colombia between 1997 and 1999 is a case in point (122). Fifth, CSR provided, in effect, a mechanism for generating permission to operate. Performance of business principles has become, for example, key to the ability of oil companies to operate in the Chad-Cameroon and the Caspian Sea pipelines. And not least, CSR is a counterweight to the more threatening prospect for companies of mandatory regulation and attempts to make use of the Alien Tort Claims Act (5).

The extent to which the codes of conduct began to have some teeth—witnessed in the lead taken by Shell and BP and by the establishment of the Voluntary Guidelines on Security and Human Rights for the extractive and energy sectors in 2000 by the U.K. and U.S. governments (127)—was in large measure a product of the expanded role of the human rights community. In particular, in 1991, Amnesty International established in the United Kingdom a business and human rights group that produced guidelines in 1997 and two key documents: "Human Rights: Is it Any of Your Business?" (1997) and "Business and Human Rights: A Geography of Corporate Risk" (2002). Human Rights Watch led the way in the Ogoni case (10, 105) and subsequently in important exposures of human rights violations around oil operations in Sudan, Colombia, and the Caspian basin. By the late 1990s, Global Witness, church-related groups (Christian Aid, Catholic Relief Services, and the Interfaith Center on Corporate Responsibility), and a panoply of other human rights advocacy groups and social-movement oriented NGOs had pushed the CSR codes of conduct in a more progressive and inclusive direction. Furthermore it was the UN agencies that provided a global legitimacy and the beginnings of an international framework for CSR. The UNDP had established the foundation for rights-based development, the UN Global Compact promoted by Kofi Annan in 1999 (upholding the UN Universal Declaration, the ILO Declaration, and the Rio Declaration), and most crucially the UN Sub-Commission on Human Rights and the 2003 Draft Norms of Responsibilities of TNCs and other Business Enterprises with regard to Human Rights (114).

The intervention of the human rights community reveals the limitations of voluntary corporate codes by promoting coverage of a much larger swath of business practice. Sullivan (29) provides a list of direct and indirect responsibilities for the oil companies.

- Direct: profitable conduct, worker and product safety, environmental standards in accordance with international standards, avoidance of bribery, transparency over security, avoidance of adverse community impacts, defense of human and indigenous rights, full transparency and monitoring/auditing.
- Indirect: human rights violations by host government, revenue misuse, official corruption, distorted and unequal development, support for global standards, support for international targets. In all of these cases, oil companies

are plausibly expected to apply pressure and to voice public concern over the oil sector.

In this way it becomes clear that human rights and business involve a panoply of stakeholders—firms, local and international NGOs and advocacy groups, workers and trade unions, shareholders and investors, consumers, communities, host governments, consultancy firms, and verifiers/auditors—and as a consequence corporate (company or multicompany) codes alone are inadequate. Company codes are not unimportant [within the oil sector, as in others, there are inevitably leaders (Shell) and laggards (AGIP)], but questions of coverage, substance, and implementation are almost always weak regulatory reeds (154). The OECD's survey identified less than 10% of codes with independent external monitoring, 40% did not mention monitoring at all, and 60% had no penalties for noncompliance (80% had no implementation programs whatsoever) (137, 153). The oil sector, although it has been under great scrutiny in the last decade or so, remains in this regard an underachiever (127).

The other voluntary mechanisms (155) that have been applied in the oil sector are as follows:

- Trade Association Codes: The U.K./U.S. Guideline on Security and Human Rights for energy is a sector-wide voluntary arrangement that emerged from the clamor over bribery and corruption. The problems are that on the ground (135) these guidelines are rarely known, yet alone implemented, and the compliance/enforcement measures are weak. An interesting approach to self-regulation from the financial sector, providing a framework for loan activities—including those to the oil sector, has been developed in the Equator Principles, which, in keeping with World Bank guidelines, established environmental and screening criteria for its 30 members (see http://www.equatorprinciples.com).
- Multistakeholder Codes: The rise of so-called civic regulation (23, 155a) is rooted in the good governance movement and the recognition that multiple stakeholders must be involved (including NGOs and local communities). In the extractive sector, the *Breaking New Ground* (30) report is a case in point. Tony Blair's Extractive Industry Transparency Initiative (126) is another. There are a number of more general codes to which the oil sector can also be subject, for example, the UN Global Compact (400 companies participated, but only 8% have submitted best practice principles). The Global Environmental Management Initiative (156) is a collaboration between business and NGOs over the development of transparency principles (in which only one oil company, Occidental, is involved). A number of very important multistakeholder codes operate in the area of standard setting and verification, for example, the Global Reporting Initiative (established in 1997 by UN Environmental Programme and Coalition for Environmentally Responsible Economies), the International Organization for Standardization (ISO 14001) that sets guidelines and certification for environmental management, and

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublish^{SM}(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

Social Accountability 800 (established in 1997 as a verification for workplace standards). As a number of people have shown (119, 148, 157, 158), the issues of undue corporate influence and of who sets the standards (and who monitors the monitors) are problematic. The oil sector for the most part rarely resorts to unbiased forms of accreditation.

- Model Codes: These are designed to serve as benchmarks of what a particular organization regards as good practice in terms of codes of conduct. They typically serve as a model for firms and associations to follow. Amnesty International has adopted, for example, the UN Draft Norms of Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights as such a standard; Christian Aid has outlined a series of benchmarks for CSR (122).

In all of these self-regulatory or civic approaches, there remains serious problems of undue influence of big business, of the autonomy and independence of third parties, and of the complexity of issues in relation to NGO capacity. Most companies within the vast oil and gas sector (including service companies) do not participate at all. The dangers of "greenwashing," companies using minimal standards of their own setting to establish credibility with shareholders, governments, and multilateral donors, and of bluewashing, attaching themselves to the UN imprimatur, are matters of pressing concern, and these question the entire enterprise of voluntary regulation, inspite of the areas in which advances have been made.

It is for these reasons that two other realms of regulation are key. The first is multilateral (including intergovernmental) mandatory agreements. The oil sector has generally been hostile to such initiatives from the time of the first TNC guidelines in the OECD and ILO in the 1970s. But it is here that the UN Draft Norms released in 2003 and endorsed by a number of advocacy groups (114) are especially important. The Norms address nondiscrimination, protection of civilians, laws of war, use of security forces, worker rights, corruption, economic and social and cultural rights, the environment, and indigenous people's rights in detail with clear compliance and enforcement mechanisms. Although not a treaty, it is based wholly on international law and on the principle that such laws and human rights standards should apply to nonstate actors. It can be adopted by governments in ways in which it is in effect a legal instrument. Either way it provides a stronger, clearer, and more coherent set of principles than the voluntary company or trade codes. Indeed, it rests upon an assumption that self-regulation—and civic regulation—cannot provide the full protection required, nor can it provide a full framework for effectively regulating global business. Mandatory regulation, in which states play a key role, is indispensable. The efforts by multilateral agencies, the IBRD and IMF, around transparency and monitoring in extraction and oil is one expression of this harder approach (159, 160). The IMF's oil diagnostics program in Angola is a crucial start (104). And the findings of the Salim Report (161) suggests that a tougher set of criteria for funding and monitoring will push the World Bank

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublishSM(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

toward a more critical approach to the oil and gas sector. Finally, although the question of international law is too large to be dealt with here, the use of the Alien Claims Tort Act in the United States—in which class action suits have already been brought and heard against Chevron, Shell, Texaco, and Unocal—suggests that human rights concerns will be increasingly adjudicated within national (and international) legal settings (5).

CAPITAL AND COMMUNITY: A CASE STUDY

One arena in which CSR in the oil and gas sector has been shaped by the public pressures of the 1990s over human rights has been community development. Shell in Nigeria is an important case in point (120, 133, 136, 162–167). Its recent history sheds light on both the actual on-the-ground complexities of CSR and on its potential and limitations. For the better part of 30 years (commercial oil production began in 1956), the oil companies operated with total impunity in the oil-producing Niger Delta of Nigeria (90, 168). A succession of military governments provided the cover (and the military protection) for companies, such as Shell, AGIP, and Elf, to avoid local litigation, to circumvent any responsibility for environmental damage (except in the most egregious cases such as the massive Funima spill), and to neglect the oil-producing communities in which they operated. It turned out, however, that there was a sort of quid pro quo to this abdication or rather a delicate balancing act between the companies and the state. The national state delegated their responsibility to the oil-producing states; revenue allocation, in effect, distributed oil rents to the ethnic majority states rather than to the ethnic minorities of the Delta (90, 169, 170). As a consequence, the oil companies came to be viewed by locals as the government, and as the question of corporate responsibility grew from the 1970s onward, the companies reluctantly assumed the role of community assistance (as it was originally called).

Up until the 1970s, most companies operated in an ad hoc fashion, developing their own community assistance programs and dealing primarily with chiefs, local government officials, and other ruling elites, purchasing consent through cash payments or infrastructural projects, and awarding construction contracts to indigenes, with an occasional short-term service contract to local youth. Matters changed, however, and most companies hired anthropologists, employed community development and liason officers (171, 172), and designated units for community programs with their own budgets. By the 1990s, the companies were also co-funding the federal government's development agencies (e.g., the Niger Delta Development Commission), established to address the special problems of the Delta. In the wake of the Ogoni struggles, Shell (as well as others) was compelled to embark upon more responsible practices for host communities (173).

By 1990, when most company community development budgets finally began to increase, virtually all major oil companies had an explicit community assistance

18 Jul 2005 21:8 AR ANRV256-EG30-09.tex XMLPublish^{SM}(2004/02/24) P1: KUV
AR REVIEWS IN ADVANCE10.1146/annurev.energy.30.050504.144456

program. The centerpiece was the so-called host community in which a company possessed assets and for which there were specific obligations (174). Second, there were "impacted communities" (sometimes called "transit communities") affected by pipelines, commercial river traffic, dredging, and other activities. The companies worked with, as they saw it, the key stakeholders and attempted to institutionalize a number of corporate-community practices around key issues, namely, land acquisition, oil spill compensation, hiring of indigenes, and contracting. On land, for example, the host community qualified for employment as well as project and contracting opportunities; various fellowships were developed for qualified Nigerians, and efforts were made to address the problem of adequate multi-ethnic representation among the company workforce and contractors. In practice, these initiatives were limited and ineffective. The companies had little understanding of community politics and simply interacted with local elites (or families within elite groups), lacked transparency in their determination of oil spill severity and compensation rates, failed to fully negotiate the contested and complex landholding arrangements as a precondition for rental payments, and used cash payments as a way of attempting to purchase consent. From the vantage of the communities, the community programs were seen as political, corrupt, clouded in secrecy, and inadequate to the issues to be addressed (121, 134, 175).

The insufficiency of the community assistance programs was thrown into dramatic relief by the Ogoni movement and the death of Saro-Wiwa in 1995 (170, 176). This was a public relations disaster for Shell and also, derivatively, for all the oil majors in Nigeria. After all, the companies had documented human rights abuses and had relied on the corrupt and violent Nigerian mobile police and state security forces to protect their installations; none could hold up any community-relations successes. Shell's renaming of community assistance to community development in 1997 (and the establishment of a new Community Program Development Unit in that year) was intended precisely to present a new face and a new set of practices, shaped in part by the World Business Council's CSR initiatives. Community development endeavored to systematize their community efforts around a number of key areas. Rather than assisting communities, the companies were in the business now of working with communities to empower them. A participatory rural appraisal process was to collaboratively identify host communities' priorities and needs, and poject teams and project management committees were to work with elected community development committees in the implementation of the projects themselves. A joint investigation process was put in place to determine the extent, causation, and compensation rates for oil spills (171, 172).

The new approach proved to be a chimera. A total lack of standardization compromised the entire exercise: Powerful communities extracted huge monetary contributions (for example the Bonny Trust Fund acquired by the Council of Chiefs), difficult communities were given a memorandum of understanding, whereas others were not, and the content of the memoranda themselves varied substantially. Transparency remained an issue, and empowerment was always driven from the top down by what a consultancy report (174) called three "corporate assumptions": Community conflict is always external, communities only want money and gifts, and communities do not know what is best for them.

Between 1998 and 2000, there was a very substantial escalation of violence across the Delta, and major attacks on oil facilities occurred. A report prepared for the Nigerian National Petroleum Company (NNPC) in 2003, entitled *Back from the Brink*, painted a gloomy risk audit for the Delta (134). It was then no surprise that in 2004 [against a backdrop of deepening community militancy, the massive oil disruptions of early 2003 (in which production fell by 40%), and the withdral of key company staff from the region] a new community initiative was launched by Shell, the sustainable community development program. It emerged from a growing recognition within the companies that a number of corporate practices were at best inadequate and were central to the dynamics of community conflict. Corporate corruption was endemic, and community development had to be made sustainable in the long-term—not simply through a one-time infrastructural fix. As a report prepared for Shell put it, "the company is locked into practices that were established decades ago. . .and compliance with [these] policies and the spirit behind these policies, is weak" (174). Important to these new initiatives was a new set of principles, two of which are key. First, the companies acknowledged the significance of a parallel economy of community development, known as "cash payments," which in dollar terms dwarf the actual budget of community development projects. These cash payments—made to chiefs, politicians, youth groups—to secure the flow of oil (and hopefully some degree of stability) were to be abandoned. The second was that the companies would endeavor to get out of the business of development as such and to work with organizations, development agencies and local NGOs, which possess a comparative operating advantage in the Delta's complex communities. By 2004, both Chevron and Shell had admitted that their aid policies had fuelled violence and corruption (185).

What is striking in this transition, from community assistance to community development to sustainable community development, is the incontestable fact that the communities themselves were growing ever more restive and militant. The tactics and repertoire of actions against the companies were substantial: demonstrations and blockades against oil facilities, occupations of flow stations, sabotage of pipelines, oil bunkering, legal actions, hostages, and strikes. It is estimated by NNPC that between 1998 and 2003 there were 400 vandalizations on company facilities each year, and oil losses amounted to $1 billion annually (177). There is no doubt that the periodicities and rhythms of these actions against the companies were shaped by local and national elections, by the emergence of ethnic militias and armed struggle as a political program for some restive youth, and by the deepening of the militarization of the oil fields and oil installations throughout the 1990s. In a report for Shell by a high-powered consultancy, leaked in December 2003, the strategic conclusions were damning: The company itself "is part of the conflict dynamics. . . .and corporate practices can lead to conflict" (174). Shell, the report said (but it might have listed any of the oil majors), is integral to the dynamics of conflict; more ominously, it concluded that the oil companies' "social license to operate is significantly eroding" (174). The Nigeria case is certainly not exceptional and highlights how the operations of oil can be generative not simply of conflict and violence but of conditions in which human rights violations can occur.

JUST EXTRACTION?

The oil and gas industry has been something of a test case for the entire CSR movement and for a longer history of antipathy toward unregulated free markets and corporate power (178). In the case of the oil industry, there has been, in the United States and elsewhere, a long-standing public antipathy—an anti-oil ideology—to what is seen as the excesses of corporate power (179). The oil complex is a particular manifestation of the ways in which global companies conduct business in conjunction with failed states, creating conditions in which egregious human rights violations can occur and have occurred. The oil complex simultaneously contains the potential for addressing human rights and business practice as civic regulation through multilateral codes of conduct, and international laws have slowly provided the ground on which business practice can be assessed. At present, the three key arenas are environmental rights, bribery/corruption, protection of civilian security in relation to laws of war. CSR, however, has until now been dominated by voluntary corporate codes of conduct in which TNC performance reporting and verification raise profound issues of credibility. Although there are some promising developments, the Global Reporting Initiative and the Revenue Watch (180) approach, the existing self-regulation regimes are "at best minimalist and at worst ineffective in creating real accountability on the part of TNCs for complicity in violations of human rights" (128). To be more effective, the accountability must rest on something like the UN Draft Norms (181). The overwhelming need is for the creation of institutions and forms of governance in which well-defined mandatory human rights obligations can be made applicable to corporate oil activities. It is hard to see how these concerns can be effectively addressed through voluntary self-regulation.

ACKNOWLEDGMENTS

I am grateful for research assistance from Jason Strange, from the editors of the Review, and for some bibliographic direction from John Roberts of the Stanford Business School. This article was the product of the convivial circumstances of the Center for Advanced Study in the Behavioral Sciences at Stanford. The editors of the Annual Review also provided considerable critical feedback for which I am also grateful. Darin Jensen of the Department of Geography at U.C. Berkeley kindly drew and designed the figures.

The *Annual Review of Environment and Resources* is online at http://environ.annualreviews.org

LITERATURE CITED

1. Hvalkoff S. 2001. Outrage in rubber and oil. In *People, Plants and Justice*, ed. C Zerner, pp. 83–116. New York: Columbia Univ. Press
2. Kane J. 1996. *Savages*. New York: Harper
3. Sawyer S. 2004. *Crude Chronicles*. Durham: Duke Univ. Press
4. Koenig K. 2004. Chevron-Texaco on trial. *World Watch Mag.* Jan./Feb.:10–19 http://www.worldwatch.org/pubs/mag/2004/171/
5. Olsen J. 2002. Global ethics and the Alien Tort Claims Act. *Manag. Decis.* 40:720–24
6. Watts M. 2001. Petro-violence: community, extraction, and political ecology of a mythic commodity. In *Violent Environments*, ed. N Peluso, M Watts, pp. 189–212. Ithaca: Cornell Univ. Press
7. 2005. Historic advance for universal human rights: Unocal to compensate Burmese villagers, *Earthrights International*, April 12. http://www.earthrights.org/news/press_unocal_settle.shtml
8. Hum. Rights Watch. 2003. *Sudan, Oil and Human Rights*. Washington, DC: Hum. Rights Watch
9. Mertes T. 2003. *A Movement of Movements*. London: Verso
10. Amnesty Int. 2000. *Human Rights: Is It Any of your Business?* London: Amnesty Int.
11. UN Dev. Programme. 1997. *Human Development Report: Human Rights and Development*. New York: UNDP/Oxford Univ. Press
12. UN Off. High Comm. Hum. Rights. 2004. *Consultation in Business and Human Rights*. Geneva: UNOHCHR
13. Everest L. 2003. *Oil, Power and Empire*. New York: Common Courage
14. Yergin D. 1991. *The Prize*. New York: Random House
15. Natl. Energy Policy Dev. Group. 2001. *National Energy Policy-Reliable, Affordable, and Environmentally Sound Energy for America's Future*. Washington, DC: The White House
16. Goldstein D. 2004. *Out of Gas*. New York: Norton
17. Klare M. 2004. *Blood and Oil*. New York: Metropolitan
18. Baer R. 2003. *Sleeping with the Devil*. New York: Three Rivers
19. Goodman A. 2004. *The Exception of Rulers*. New York: Hyperion
20. RETORT, Boal I, Clark TJ, Matthews J, Watts M. 2005. *Afflicted Powers: Capital and Spectacle in a New Age of War*. London: Verso
21. Vidal G. 2003. *Dreaming War*. New York: Nation Books
22. Andriof J, McIntosh M. 2001. *Perspectives on Corporate Citizenship*. Sheffield, UK: Greenleaf
23. Kotler K, Lee N. 2004. *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*. New York: Wiley
24. Prahalad C, Porter M. 2003. *Harvard Business Review on Corporate Responsibility*. Cambridge, MA: Harvard Bus. Sch.
25. Hum. Rights Watch. 2005. *Blood, Sweat and Fear*. Washington, DC: Hum. Rights Watch

25a. 2005. Editorial. *New York Times Magazine*, June 12, p. 17

26. Manga J, Mirvis P, Rochlin S, Zecchi K. 2005. *Integration: critical links for corporate citizenship*. Cent. Corp. Citizensh., Boston College. http://www.bcccc.net/index.cfm?fuseaction=document.

filterdocumentList & type=Center %20 Research%20Report
27. Hopkins M. 1999. *The Planetary Bargain*. London: Macmillan
28. Smith NC. 2003. Corporate social responsibility: whether and how? *Calif. Manag. Rev.* 45:52–76
29. Sullivan R, ed. 2003. *Business and Human Rights*. Sheffield, UK: Greenleaf
30. Min. Miner. Sustain. Dev. Proj. 2002. *Breaking New Ground*. London: Earthscan
31. Rosen E. 2004. *Making Sweatshops*. Berkeley: Univ. Calif. Press
32. Ross A. 2002. *No Sweat*. London: Verso
33. 2005. The good company. *The Economist*, Jan. 20, pp. 3–22
34. Bakhan J. 2004. *The Corporation*. New York: Wiley
35. Shah S. 2004. *Crude: The Oil Story*. New York: Seven Stories
36. Yeoman M. 2004. *Oil: Anatomy of An Industry*. New York: New
37. Nitzan J, Bichler S. 1999. *The Global Political Economy of Israel*. London: Zed
38. Parra F. 2004. *The Politics of Oil*. London: Taurus
39. Roberts P. 2004. *The End of Oil*. New York: Houghton Mifflin
40. Watts M. 2004. Antimonies of community: some thoughts on geography, resources, and empire. *Trans. Inst. Br. Geogr.* 29:195–216
41. Van der Linde C. 2000. *The State and the International Oil Market*. Dordrecht: Kluwer
42. Energy Inf. Adm. 2004. *International Energy Outlook 2004*. Washington, DC: US Dep. Energy
43. Klare M. 2001. *Resource Wars*. New York: Metropolitan Books
44. Singer P. 2003. *Corporate Warriors*. Ithaca: Cornell Univ. Press
45. Midnight Notes Collect. 1992. *Midnight Oil*. Brooklyn: Automedia
46. Pelletiere S. 2004. *America's Oil Wars*. Boulder, CO: Westview
47. Engdahl W. 2004. *A Century of War*. London: Pluto
48. Mann M. 2003. *Incoherent Empire*. London: Verso
49. Glob. Witn. 2003. *All the President's Men*. Washington, DC: Glob. Witn.
50. Rasheed A. 2002. *Taliban*. New Haven: Yale Univ. Press
51. Reno W. 1997. War, markets and the reconfiguration of West Africa's weak states. *Comp. Polit.* 29:493–510
52. Banfield J, Hauther V, Lilly D. 2003. *Transnational Coporations in Conflict Prone Zones*. London: Int. Alert
53. Banks G, Ballard C. 2004. Resource wars: the anthropology of mining. *Annu. Rev. Anthropol.* 32:287–313
54. Bannon I, Collier P. 2003. *Natural Resources and Violent Conflict*. Washington, DC: World Bank
55. Englebert P, James R. 2004. Primary commodities and war: Congo-Brazzaville's ambivalent resource curse. *Comp. Polit.* 43:61–81
56. Little D. 2002. *American Orientalism*. Chapel Hill: Univ. N.C. Press
57. Painter D. 1986. *Oil and the American Century*. Baltimore: Johns Hopkins Univ. Press
58. Foucault M. 2000. *Power*. New York: New Press
59. Chaudhry KA. 1997. *The Price of Wealth: Economics and Institutions in the Middle East*. Ithaca: Cornell Univ. Press
60. Christian Aid. 2002. *Fuelling Poverty: Oil, War, and Corruption*. London: Christian Aid
61. Coronil F. 1997. *The Magic of the State*. Chicago: Univ. Chicago Press
62. Frynas JG, Wood G, Soares de Oliveira RMS. 2003. Business and politics in São Tomé Príncipe: from cocoa monoculture to petro-state. *Afr. Aff.* 102:51–80
63. Hodges T. 2001. *Angola: from Afro-Stalinism to Petro-Diamond Capitalism*. Oxford: Currey

64. Karl T. 1997. *The Paradox of Plenty*. Berkeley: Univ. Calif. Press
65. Yates D. 1996. *The Rentier State in Africa: Oil Rent Dependency and Neocolonialism in the Republic of Gabon*. Trenton, NJ: Afr. World
66. Amnesty Int. 2001. *Oil in Sudan*. London: Amnesty Int.
67. Geddicks A. 2001. *Resource Rebels*. Cambridge, MA: South End
68. Leonard D, Strauss S. 2003. *Africa's Stalled Development*. Boulder, CO: Westview
69. Gregory D. 2003. *The Colonial Present*. London: Blackwell
70. Harvey D. 2003. *The New Imperialism*. London: Clarendon
71. Kinzer S. 2004. *All the Shah's Men*. New York: Wiley
72. Mamdani M. 2004. *Good Muslim, Bad Muslim*. New York: Vintage
73. Kissinger H. 1982. *Years of Upheaval*. New York: Scribner
74. Anderson J. 2000. Blood and oil. *New Yorker*, Aug. 14:46–59
75. Kleveman L. 2003. *The New Great Game*. New York: Atlantic
76. Wirpsa L. 2004. *Oil, exploitation and indigenous rights*. PhD thesis. Univ. South. Calif., Los Angeles
77. Lubeck P. 2001. The antinomies of the Islamic revival. In *Global Social Movements*, ed. R Cohen, S Rai, pp. 103–38. London: Routledge
78. Mitchell T. 2001. From MacWorld to MacJihad. *Soc. Text* 14:45–87
79. Sachs J, Warner A. 1995. *Natural Resource Abundance and Economic Growth*. Cambridge, MA: Natl. Bur. Econ. Res.
80. Leite C, Weidmann J. 1999. *Does Mother Nature Corrupt?* Washington, DC: Int. Monet. Fund
81. Homer-Dixon T. 1999. *Environment, Scarcity, and Violence*. Princeton: Princeton Univ. Press
82. Collier P, Elliott L, Hegre H, Hoeffler A, Reynal-Querol M, et al. 2003. *Breaking the Conflict Trap: Civil War and Development Policy*. Washington, DC: World Bank/Oxford Univ. Press
83. Le Billon P. 2002. The political ecology of war. *Polit. Geogr.* 20:561–84
84. Le Billon P. 2001. Angola's political economy of war. *Afr. Aff.* 100:55–80
85. Ross M. 2004. How do natural resources influence civil war? *Int. Organ.* 58:35–67
86. Fearon J, Laitin D. 2003. Ethnicity, insurgency and civil war. *Am. Polit. Sci. Rev.* 97:75–90
87. Peluso N, Watts M. 2001. *Violent Environments*. Ithaca: Cornell Univ. Press
88. Amuzegar J. 1999. *Managing the Oil Wealth*. London: Taurus
89. Frynas G. 2004. The oil boom in Equatorial Guinea. *Afr. Aff.* 103:527–46
90. Obi C. 2001. *The Changing Forms of Identity Politics in Nigeria*. Uppsala: Afr. Inst.
91. Birdsall N, Subramanian A. 2004. Saving Iraq from its oil. *For. Aff.* 83:77–89
92. Davis J, Osowski R, Fedelino A. 2003. *Fiscal Policy Formulation and Implementation in Oil-Producing Countries*. Washington, DC: Int. Monet. Fund
93. Ian G, Karl TL. 2003. *Bottom of the Barrel: Africa's Oil Boom and the Poor*. Baltimore, MD: Catholic Relief Serv.
94. Ibeanu O. 2003. *(Sp)oils of Politics*. Presented at Conf. Oil Hum. Rights. Berkeley: Univ. Calif.
95. Int. Crisis Group. 2000. *Scramble for the Congo*. Brussels: IGC
96. Kapucinski R. 1982. *The Shah of Shahs*. New Yorker: Harper
97. Adebayo A. 1993. *Embattled Federalism*. New York: Lang
98. Ikein A. 1990. *The Impact of Oil on a Developing Country*. New York: Praeger
99. Ikporukpo C. 1996. Federalism, political power and the economic power game: control over access to petroleum resources in Nigeria. *Environ. Plan. C* 14:159–77

99a. Ahmad E, Singh R. 2003. *Political economy of oil-revenue sharing in a* *developing country*. Work. Pap. WP/03/16, Int. Monet. Fund, Washington, DC

99b. Int. Monet. Fund. 2003. Nigeria: selected issues and statistical appendix. *IMF Country Rep. 03/60*, Int. Monet. Fund.,Washington, DC

100. Martin S, Subramanian A. 2003. *Addressing the Resource Curse: An Illustration from Nigeria*. Washington, DC: Int. Monet. Fund

101. Amuzegar J. 1999. *Managing Oil Wealth*. London: Tauris

102. Forrest T. 1995. *Politics and Economic Development in Nigeria*. Boulder, CO: Westview

103. Glob. Witn. 2004. *Time for Transparency: Coming Clean on Oil, Mining and Gas Revenues*. Washington, DC: Glob. Witn.

104. Hum. Rights Watch. 2004. *Some Transparency, No Acountability: The Use of Oil Revenues in Angola and Its Impact on Human Rights*. Washington, DC: Hum. Rights Watch

105. Hum. Rights Watch. 1999. *The Price of Oil*. Washington, DC: Hum. Rights Watch

106. Abukhalil A. 2004. *The Battle for Saudi Arabia*. New York: Common Courage

107. Al-Azmeh A. 1996. *Islams and Modernities*. London: Verso

108. Auty R. 2001. *Resource Abundance and Economic Development*. London: Oxford Univ. Press

109. Glob. Witn. 1999. *A Crude Awakening: The Role of Oil and Banking in Angola's Civil War and the Plundering of State Assets*. London: Glob. Witn.

110. Cent. Strat. Int. Stud. 2004. *Promoting Transparency in the African Oil Sector*. Washington, DC: CSIS

111. Ford NA. 2002. *Oil and Gas in the Gulf of Guinea*. Vol. 2: *Central Africa*. London: CWC

112. Ross M. 2001. Does oil hinder democracy? *World Polit*. 53:325–61

113. Le Billon P. 2005. *The Geopolitics of Resource Wars*. London: Cass

114. Amnesty Int. 2004. *The UN Human Rights Norms for Business*. London: Amnesty Int.

115. Int. Crisis Group. 2002. *God, Oil and Country*. Brussels: ICG

116. Douglas O, Okonta I. 2001. *Where Vultures Feast*. San Francisco: Sierra Club

117. Rainforest Action Netw. 1997. *Human Rights and Environmental Operations Information on the Royal Dutch/Shell Group of Companies*. London: Rainforest Action Netw.

118. Wunder S. 2003. *Oil Wealth and the Fate of the Forest*. London: Routledge

119. Nat. Herit. Found. 2003. *Beyond Good Deeds*. Berkeley: Nat. Herit. Found.

120. Frynas G. 2001. Corporate and state responses to anti-oil protests in Niger Delta. *Afr. Aff.* 100:27–54

121. Kemedi V. 2002. *Oil on Troubled Waters*. Berkeley: Inst. Int. Stud.

122. Christian Aid. 2003. *Behind the Mask: The Real Face of Corporate Responsibility*. London: Christian Aid

123. Ali S. 2003. *Mining, the Environment, and Indigenous Development Conflicts*. Tucson: Univ. Ariz. Press

124. Carothers A. 2001. *Raiding the Treasure House: Oil and Mineral Extraction in China's Colonization of Tibet*. New York: Milarepa Fund

125. Collab. Dev. Action. 2002. *Oil Company Policies in the Niger Delta*. Cambridge, MA: CDA

126. Dep. Int. Dev. (DFID). 2002. *Extractive industries transparency initiative (EITI)*. http://www2.dfid.gov.uk/news/files/extractiveindustries.asp

127. Eide A, Bergesen O, Goyer P. 2002. *Human Rights and the Oil Industry*. Oxford: Intersentia

128. Simons P. 2004. Corporate voluntarism and human rights. *Ind. Relat*. 59(1):101–41

129. Brysk A. 2000. *From Tribal Village to Global Village*. Palo Alto: Stanford Univ. Press

130. Howitt R, Connell J, Hirsch P. 1996.

Resources, Nations and Indigenous Peoples. Mebourne: Oxford Univ. Press
131. Zillman D, Lucas A, Pring G, eds. 2001. *Human Rights in Natural Resource Development*. London: Oxford Univ. Press
132. Banfield J, Champain P. 2004. *What Role for Oil Majors in Supporting Sustainable Peace in Angola?* London: Int. Alert
133. Hum. Rights Watch. 2002. *The Niger Delta: No Democratic Dividend*. Washington, DC: Hum. Rights Watch
134. ClearWater. 2003. *Back from the Brink*. London: ClearWater
135. Zalik A. 2004. The peace of the graveyard: voluntary principles on security and human rights in the Niger Delta. In *Global Regulation*, ed. K van der Pijl, L Assassi, D Wigan, pp. 111–27. London: Palgrave
136. Hum. Rights Watch. 2003. *Testing Democracy*. Washington, DC: Hum. Rights Watch
137. UN Res. Inst. Soc. Dev. (UNRISD). 2002. *Voluntary Approaches to Corporate Responsibility*. Geneva: UN Non-Gov. Liaison Serv.
138. Vitalis R. 2002. Black gold, white crude. *Dipl. Hist.* 26:185–213
139. Monbiot G. 2003. The bottom of the barrel. *Manchester Guard.*, Dec. 2, pp. 8
140. Brightman C. 2004. *Total Insecurity*. London: Verso
141. Briody D. 2003. *The Iron Triangle*. New York: Wiley
142. Unger C. 2004. *House of Bush*, *House of Saud*. London: Scribner
143. Brenner R. 2004. *The Economics of Global Turbulence*. London: Verso
144. Gowan P. 2002. *The Global Gamble*. London: Verso
145. Frynas G, Pegg S, eds. 2003. *Transnational Corporations and Human Rights*. London: Palgrave
146. Husted B. 2003. Governance choices for corporate social responsibility. *Long Range Plan.* 36:481–98
147. Van Marrewijk M, Were M. 2003. Multiple levels of corporate sustainability. *J. Bus. Ethics* 44:107–19
148. Amnesty Int. 2002. *Business and Human Rights*. London: Amnesty Int.
149. Brysk A. 2002. *Gobalization and Human Rights*. Berkeley: Univ. Calif. Press
150. Farmer P. 2005. *Pathologies of Power*. Berkeley: Univ. Calif. Press
151. Robertson G. 2002. *Crimes Against Humanity*. New York: New Press
152. Gberie L. 2003. *West Africa: Rocks in a Hard Place*. Ottawa: Diamonds Hum. Secur. Proj. Partnership Afr., Can.
153. Int. Pet. Ind. Environ. Conserv. Assoc. (IPIECA). 1997. *The Oil Industry: Operating in Sensitive Environments*. London: IPIECA
154. Pulver S. 2003. *Power in the public sphere: oil companies, environmental groups and the climate change negotiations*. PhD thesis. Univ. Calif., Berkeley
155. Jenkins R. 2002. Corporate codes of conduct. See Ref. 186, pp.1–60
155a. Utting P. 2002. Regulating business vis multistakeholder initiatives. See Ref. 186, pp. 61–130
156. Glob. Environ. Manag. Initiat. (GEMI). 2004. *Transparency: A Path to Public Trust*. Washington, DC: Glob. Environ. Manag. Initiat.
157. Amnesty Int. 2000. *Human Rights: Is It Any of Your Business?* London: Amnesty Int.
158. Morikawa M, Morrison J. 2004. *Who Develops ISO Standards?* Oakland: Pac. Inst.
159. World Bank. 2003. *Extractive Industries Report*. Washington, DC: World Bank
160. World Bank. 2004. *Striking a Better balance: The World Bank Group and Extractive Industries Report*. Washington, DC: World Bank
161. World Bank. 2004. *Extractive Industries Review* (*The Salim Report*). Washington, DC: World Bank
162. Boele R, Fabig HDW. 2001. Shell, Nigeria and Ogoni. *Sustain. Dev.* 9:74–86, 121–35, 177–96

163. Cesarz E, Morrison S, Cooke J. 2003. *Alienation and Militancy in the Nigeria Delta*. Washington, DC: CSIS
164. Douglas O, Kemedi V, Okonta I, Watts M. 2003. Alienation and militancy in the Niger Delta. Foreign policy in focus (Spec. Rep.). *Progressive*, July 23:4–10
165. Hum. Rights Watch. 1995. *The Ogoni Crisis*. New York: Hum. Rights Watch
166. Russell J. 2002. The ambivalence about the globalization of telecommunications. *J. Hum. Rights* 1:405–16
167. Wheeler D, Fabig H, Boele R. 2002. Paradoxes and dilemmas for stakeholder responsive firms in the extractive sector. *J. Bus. Ethics* 39:297–318
168. Khan S. 1994. *Nigeria: The Political Economy of Oil*. London: Oxford Univ. Press
169. Okilo M. 1980. *Derivation: A Criterion of Revenue Allocation*. Port Harcourt: Rivers State Newsp. Corp.
170. Okonta I. 2002. *The struggle of the Ogoni for self-determination*. PhD thesis. Oxford Univ., UK
171. Soc. Policy Dev. Cent. (SPDC). 2003. *Sustainable Development Strategy*. Port Harcourt: Shell
172. Soc. Policy Dev. Cent. (SPDC). 2000. *SPDC Community Development Framework*. Port Harcourt: Shell
173. Naanen B. 1995. Oil producing minorities and the restructuring of Nigerian federalism. *J. Commonw. Comp. Polit.* 33: 46–58
174. WAC. 2003. *Peace and Security in the Niger Delta*. Port Harcourt: WAC Glob. Serv.
175. Alagoa M. 2001. *The Report of the Nembe Peace and Reconciliation Committee*. Port Harcourt: Rivers State Gov.
176. Saro-Wiwa K. 1995. *A Month and a Day*. London: Penguin
177. Nigerian Natl. Pet. Corp. 2003. *Report of the Niger Delta Stakeholder's Workshop*. Port Harcourt: NNPC
178. Polanyi K. 1945. *The Great Transformation*. Boston: Beacon
179. Olien RM, Olien DD. 2000. *Oil and Ideology: The Cultural Creation of the American Petroleum Industry*. Chapel Hill: Univ. N. C. Press
180. Shultz J. 2004. *Follow the Money: A Guide to Monitoring Budgets and Oil and Gas Revenues*. New York: Soros Found./Open Soc.
181. Schrijver N. 2002. *Sovereignty over Natural Resources*. London: Cambridge Univ. Press
182. Amnesty Int. 2004. *Nigeria: Are Human Rights in the Pipeline?* London: Amnesty Int.
183. McDermott J. 2004. Colombia cracks down on oil theft. *BBC News*, Feb. 15. http//:news.bbc.co.uk/1/hi/world/americas/3489829.stm
184. Callus A. 2004. Shell denies it will leave Nigeria. *Houston Chon.*, Jun. 13, p. 8
185. 2005. Oil giant admits aid policies helped fuel violence. *IRIN News*, May 4. http://www.irinnews.org/report.asp?ReportID=46948
186. UN Non-Gov. Liaison Serv. 2002. *Voluntary Approaches to Corporate Responsibility*. Geneva: UN Res. Inst. Soc. Dev.