OIL WITHOUT MONEY:

THE SIGNIFICANCE OF BARTERED OIL IN (AND BEYOND) RUSSIA

An NCEEER Working Paper by

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Executive Summary

This working paper uses data gathered in the course of NCEEER-funded research in the Perm Region of Russia to outline some new ways of thinking about the exchange and circulation of oil. Nearly all existing studies, whether in the author's home discipline of anthropology or in neighboring social sciences, place primary emphasis on the nexus of oil and money. They consider oil wealth, petrodollars, federal budget allocations, oil and banking, systems of taxation, ways in which money enables abstraction and generalization, money and state forms, and so on. However, the case of Soviet and post-Soviet oil points to the significance of *barter* in the circulation of oil, both in local contexts and on a global scale. The working paper points to ways in which ethnographic and historical consideration of petrobarter should expand our knowledge of the political economy of oil, especially by drawing attention to ways in which a variety of groups, at a variety of scales, have used barter to frame and pursue challenges to the national and international systems that channel the flow of oil and associated political and economic power.

Introduction

"Oil *is* almost like money." These are the oft-cited words of Robert O. Anderson, an ARCO oil executive, as interviewed by Daniel Yergin in his book *The Prize* (1993:xv). They seem like so much common sense. We all know something about petrodollars. At least in the automobile-obsessed United States, no other commodity price is discussed as much as the price of gasoline, or advertised so commonly and prominently along the side of the road. Talk of oil and money's tight embrace of may look a bit different elsewhere in the world, but it is usually not too hard to find. When, for instance, I was viewing an apartment for rent in the Perm Region of Russia, my prospective landlady, who knew nothing of my research interests, went through all of the notable features of the apartment and concluded by turning on the television. "It works well and has lots of channels," she said. Flipping to a news channel with a crawl at the bottom of the screen, she continued, "Look, you'll be able to find the price of oil at any time of the day or night."

Money, it goes almost without saying, plays a central role in economists' and many political scientists' writings on oil and energy—whether or not they are adherents to the "resource curse" family of approaches. It is perhaps less commonly noted that money also features prominently, if rather differently, in anthropologists' and geographers' writings on petrostates, from Nigeria to Venezuela to Saudi Arabia and beyond. Andrew Apter's analysis of oil boom Nigeria, for instance, rests in substantial part on the claim that oil "standard[ized] the relative values in terms of which other commodities were bought and sold and thus approach[ed] the general equivalent of money itself" (2005: 35). In his wonderful *The Magical State*, about Venezuela, Fernando Coronil shows that, "circulating through the body politic as money, oil ceased to be identified as a material substance and became a synonym for money … Just as oil came to be seen abstractly as money, the state became a general representative of a political community of shared ownership of the nation's natural body" (1997: 390). As Michael Watts puts it succinctly in some of his work on Nigeria (1994), the here are abstraction and generalization. Money enables certain social and political imaginaries through its capacity to make unlike items exchangeable; as it does so, it serves both integrative and disintegrative functions. This familiar process, all of these theorists claim in one way or another, takes on particular shapes, speeds, and profiles in the deluge of money that commonly attends an oil boom. Following these scholars, we might say that money a key link by which a particular kind of global oil regime is interlaced with a global cultural regime. The global energy regime is what Watts calls the "oil complex" (2005) in its late twentieth century configuration; the global cultural regime, at least in these examples, is a particular kind of postcoloniality, one in which rapidly circulating petrodollars foster—and trouble—a range of social and cultural imaginaries—modernizing, nationalizing, developmentalist, statist, Pan-Africanist, and so on.

This is a powerful and persuasive line of analysis, and I, too, want to focus on the ways in which exchange and circulation are aspects of the global oil complex that deserve our attention. But, as my title indicates, I also want to draw attention to a range of relationships that are left out in this standard picture, relationships in which the *non- monetized* exchange of oil is also interlaced with social, cultural, and political imaginaries. In order to make this argument, I focus on the production and circulation of oil in postsocialist Russia. A shift in ethnographic context from postcolonial Nigeria and Venezuela to the aftermath of Soviet socialism, I want to suggest, opens us some new ways to gain theoretical purchase on the place of oil far beyond the Russian case. Although my focus today is on only one of these ways—petrobarter—this working paper is part of a larger project that theorizes Russia as *postsocialist petrostate* and, on that basis, seeks to extend a whole range of existing understandings of oil and culture, so many of which hail from the European postcolonial world and translate poorly to the postsocialist context (see also Rogers 2012). The claim of this larger project is that Soviet and post-Soviet oil offer an opportunity not just to add another case to our hopper, but to rethink a whole range of assumptions and theories about the mutual transformations of oil, culture, and power in the twentieth and twenty-first centuries.

The argument of this paper is as follows: the non-monetized exchange of oil and oil products is far more common than one would expect, given the focus on oil and money in existing scholarship and the popular imagination. The Perm Region of postsocialist Russia provides some particularly instructive examples of this phenomenon, but petrobarter is neither limited to Russia nor to the crisis years of the 1990s. To barter oil, I will ultimately suggest, has been, at various times and places: to consciously avoid money and particularize (rather than to use the money form as a way to abstract and generalize); to foster political imaginations that emphasize local sovereignty and feed localized identities; to skirt or even challenge aspects of the international petrodollar system; and to threaten a particular Cold War-era configuration of state and private corporations in the oil sector. In each of these cases, we see the entwining of oil and culture in new ways through the lens of petrobarter.

Barter

I understand barter to indicate a class of transactions in which goods are exchanged for goods, without the direct intervention of monetary currency. Following anthropologists Caroline Humphrey and Stephen Hugh-Jones (1992; see also Humphrey1985), I prefer to see barter as a polythetic category, one that encompasses a number of kinds of transactions that are neither gifts nor primarily organized by money: direct exchange of goods for goods (on a single occasion or on multiple occasions); offset trade; countertrade; currency clearing agreements; and others. All of these varieties of exchange count for me as types of barter. They have, historically, been quite common in the global economy[1]; in the oil industry in particular, a significant portion of barter has involved the Soviet Union and, then, Russia. Two additional points here indicate the way I am drawing on anthropologists' rich tradition of thinking about barter.

First, and here is a classic point of difference between anthropologists and economists: barter is *not* best understood as the precursor to monetized exchange, a "problem" (usually labeled the "double coincidence of wants") that only exists before, on the edges of, or at periods of crisis in the "natural" money economy. This is simply not what the historical and comparative ethnographic record teaches us (see, most recently, Graeber 2011, and also Humphrey 1985). Although barter is often found in these cases, it is also found as an element of exchange relationships even in contexts that are otherwise highly monetized. Nor is barter only small scale and situational. It can and does, as I show below, extend from quite localized exchanges to the national and international scale.

Second, barter is a useful topic for investigation in part because it can tell us a great deal about the social and political imagination at particular times and places. How do objects circulate? Who exchanges them? With what kinds of commentary? All of these questions point to ways in which persons and communities are shaped and reshaped—often enough by marking distinctions and differences between barter and the money economy. Barter does not actually have to be taking place for us to ask these questions. Barter is theoretically fruitful terrain, that is, in part because the ways in which it is recalled and predicted, dismissed or embraced,

[1] There is a large, if recently ignored, literature on international barter; see, for instance, Hammond 1990. Note in particular his claim, "Among countertraders there is a maxim that there is countertrade in oil, and then there is everything else" (129).

championed or feared can be very significant to the political, social, and cultural imagination (see, e.g. Piot 1992 and many of the chapters in Humphrey and Hugh-Jones 1992).

The remainder of this paper describes and analyzes five situations in which petrobarter has been significant and produced different kinds of political imaginations than those we find in the standard scholarly treatments of oil and money—both in Russia and elsewhere. In the context of this short working paper, I do not elaborate on all of these examples to the same extent; my aim is simply to show in a quite initial way the breadth of contexts in which thinking about non-monetized exchange is useful for our understandings of oil in the global economy.

Non-Capitalist Oil

One reason that the oil-money nexus is so powerful in both scholarship and the popular imagination is that the oil industry has been, largely, a capitalist industry. Indeed, in the view of some observers, it has been the essential capitalist industry for well over a century now. But what of Soviet oil? Surely we must account in better ways than we do now for the fact that, for much of the twentieth century, one of the world's largest oil producers and exporters—the Soviet Union—was decidedly not capitalist. And so my first case of petrobarter comes from the political economy of socialism, specifically in the Perm Region of the Russian Urals.

Following the discovery of oil in the postwar period, the Perm Region became known in the Soviet Union as the "second Baku." Soviet leadership hoped that the major new oilfields of the Volga-Urals basin would replace the geopolitically more vulnerable and already aging deposits of Azerbaijan, which had been actively in production since the imperial period. Permian oil was thus the first truly Soviet oil—exploration, drilling, production, refining, and distribution took place entirely within the socialist mode of production. There was no concept of a "vertically integrated" oil company in the socialist system. Entirely separate federal-level ministries, for instance, controlled production and refining. The movement of oil from upstream to downstream was subject, on the official level, to the dictates of central planning and, on the crucial unofficial level, to backdoor wheeling and dealing in the second economy. In neither case were these transactions and movements marketized or monetized. Oil and its derivatives were often exchanged directly for all manner of other goods and services, and these exchanges occurred at the industry and firm level as well as at the individual level. If you knew how to drive in the Soviet Union, you knew how to make a deal to siphon gas out of someone else's tank. (Most often, that tank belonged to a car or truck on state or Communist party business.)

It is certainly true that the Soviet Union's federal budget as a whole relied heavily - especially in the late 1970s and 1980s - on the hard currency gained from selling oil on the international market (Kotkin 2008; Gaidar 2007). However, the familiar petrostate configuration in which this money then coursed through local circuits of exchange, shaping cultural practices (a la Apter, Coronil, and Watts, discussed above), institutional organizations (a la Karl 1997), and hierarchies of class and prestige did not obtain. In the Soviet Union, barter was king, from the roadside to the regional party committees orchestrating industrial and agricultural production.

There was, in short, a long history of petrobarter in the Perm Region, extending back to the exploration and discovery phase in the 1950s. Indeed, one of the challenges for thinking about the nexus of oil and social/cultural relationships the Soviet period is conceptualizing these relationships without money. This history continued in the 1990s, as production, refining, and distribution in the region were gradually united under the control of Lukoil, post-Soviet Russia's largest private oil company. This leads to my second and third examples.

Post-Soviet Barter

In 1991, in the multifaceted crisis that accompanied the end of the Soviet Union, shortages in the Perm Region quickly become acute, with frequent delays in salary payments and rationing tickets of various sorts serving in place of money. One of the prime players in all of this was the Perm Region's major refinery, Permneftorgsintez (PNOS). Freed of the strictures of central planning, proceeds from the sale of its refined oil abroad could now come directly to the refinery, rather than being absorbed into the planned economy. Occasionally these proceeds came in highly-valued money form, but, just as often, they were the origin point for extensive chains of non-monetized or lightly- monetized barter.

Consider the account of Irina Ivanovna, a resident of the Perm Region who had, at that point, no special relationship to PNOS or to the oil industry in general. I was asking her, in the spring of 2011, to recall the ways in which the oil industry was or was not central to life in the Perm Region in the immediate aftermath of the Soviet Union. She began with barter.

> It was all done by barter—there was no money. There were no products. So the Chusovoi metal factory traded its product for sugar or other things. And thanks to that some sugar appeared in the region [from a source other than state rations]. It wasn't only the Chusovoi metal factory, but also PNOS. Yes, they also worked on barter, I think with the Chinese. They imported down jackets, and well made ones. [PNOS employees] just went down to the market and sold them for crazy money—there was nothing to wear, nothing in stores.… PNOS got those jackets for their workers, in exchange for oil products. It was outright barter, because there was no money.

Here, Irina Ivanovna gives an account of the early days of the post-Soviet period that will be familiar to scholars of the region, one in which the end of socialism brought with it not monetized market exchange but steadily proliferating barter—what David Woodruff calls "the barter of the bankrupt" (1999). In the primary theories of oil and money, those I am challenging in this paper, money obtained through foreign exchange reenters the national economy of an oil-exporting state as local currency and, through its circulation, accomplishes various sorts of transformations. This dynamic was central to the early post-Soviet Perm Region, but with an important twist: money was *not* central to many of the exchanges, which were instead frequently based on barter transactions.

This difference, I will argue shortly, is significant because was foundational to the development of a regional political imagination in the post-Soviet period, to the forging of a sense of cultural belonging to the Perm Region that was, in key ways, outside and opposed to the circulation of money and based, instead, on the more intimate, restricted, non-abstracted barter exchanges within the region. Before making that point in a bit more detail, let me give my third example of petrobarter.

Money-Oil-Timber-Apples-Money

All of this barter in the very early post-Soviet period was, according to the theories and predictions of transitologists—those champions of neoliberal markets who set out to usher in capitalism in the former Soviet world—supposed to go away quickly. But it did not. The non-monetized exchange of all manner of goods became broader and deeper in the 1990s Perm Region, and oil became more and more central to it. Indeed, oil's dual importance—as bringing in a certain amount of foreign exchange (monetary or not) and also enabling nearly all industrial and agricultural production in the region— meant that it quickly became central to emergent new circuits of trade and exchange at much larger scales than that described by Irina Ivanovna.

The norm in the global oil industry has been vertically integrated companies since Rockefeller's Standard Oil, but this was not really the case in the Perm Region until the 2000s. In the 1990s, horizontal integration predominated, in which financial-industrial groups and other varieties of holding companies stretched their activities across sectors, often taking advantage of their horizontal structure to minimize monetized transactions and, instead, barter an enormous range of goods and services among and outside their constituent units.

In the Perm Region, the major player on this front was the PFPG, the Perm Group of Financiers and Industrialists—an outfit that we might, in retrospect, understand as something of an incubator for regional oligarchs. The PFPG, founded in 1993 and still in operation today, contained within itself a number of sub-companies specializing in different aspects of the regional economy. Two of the biggest were Neftsintezmarket and the Universal Trading House. Neftsintezmarket took over marketing and distribution of oil products from the refinery PNOS, and Universal Trading House supplied stores and markets across the region with all manner of foodstuffs and consumer goods.

The sheer size of these operations, both within PFPG, rapidly made them of interest to the regional state apparatus, which was attempting to cope with pervasive complaints and borderline unrest arising from the shortage of food and fuel across the entire region. In exchange for a favorable relationship with the state, PFPG, through Neftsintezmarket, took on the role of official government contractor for the purchase, refining, and distribution of oil for regional state administration needs—most notably support for the agricultural sector, where the withdrawal of state subsidies from the socialist era was felt particularly acutely. This was an early and very important chapter of the marriage of "petro" and "state" in the Perm Region, and in Lukoil across Russia— *and it was rooted in barter*, especially along and among the tentacles of the horizontally integrated PFPG.

Into the mid-1990s, the extensive barter chains that PFPG could assemble through Neftsintezmarket and the Universal Trading House became crucial to both the legitimacy of the state apparatus and to the functioning of the regional economy. The many different sectors in which PFPG had a significant presence allowed it a great deal of internal flexibility—especially in an era when company accounting standards were themselves under massive revision. In one exchange recounted to me several times, for instance, PFPG bartered oil products abroad directly for an entire barge of processed sugar, which had not been seen in the Perm Region for nearly a year. The shipment was so highly valued that, rather than hire laborers, the office staff of PFPG itself unloaded the barge under armed guard.

One of my interlouctors, a former employee of the PFPG, gave another example of the kinds of barter exchanges that, he said, characterized their work:

> There were lots of long chains of exchange. So we provided fuel oil to the logging enterprises somewhere up north [in the Perm Region], and, roughly, got [uncut] timber from them. We processed it into packaging timber and sent it off to the Krasnodar Region [in the Caucasus]. And there we took not money but apples. We brought the apples here, sold them, and got money for them. That's the kind of operation we did—to the fifth or sixth link.

A Perm newspaper, looking back on the activities of Neftsintezmarket at the time, wrote that the PFPG subsidiary "worked out and carried out dizzying chains of mutual exchanges and credits, the result of which were schemes which it was impossible to understand. Unless you participated in them." And this was the point—oil facilitated all manner of in kind, situational, networked deals. In many ways, the close relationship between the regional state and the oil industry (along with the formation of a new kind of regional elite) in the Perm Region solidified right here, long before the full monetization of oil, the regular collection of taxes in money, and long before the assembly of a regional vertically integrated company took place by the late 1990s/early 2000s.

Interlude: The Significance of Barter

With three examples of petrobarter in hand, it is useful to pause and consider what what looking at petrobarter gets us in the case of the post-Soviet Perm Region, and how, more precisely, this departs from the theories of oil and money with which I began. I offer two reflections, both of which situate the examples above in some of the broader dynamics of the post-Soviet period.

The first has to do with the post-Soviet state. If oil money has been central to the institutions and imaginations of the post*colonial* petrostate, then in the post-Soviet case, petrobarter was central to the *unimagining* of the post-Soviet federal state in the 1990s Perm Region. Oil undergirded all manner of direct exchanges that expressly avoided the state's money and, instead, circulated along with all manner of other goods through specifically regional networks and barter chains. Oil here does not aid abstraction or dreams of globalization—it supports localization, the face-to-face negotiations of barter, and the birth of a new regional elite. All with almost no money. Several studies have documented the rapid proliferation of barter and alternate currencies in the immediate aftermath of socialism and their links to the "parcelization of sovereignty" (Humphrey 2002; Verdery 1996) Regions, cities, and even companies issued their own currencies to their "own" people, making basic economic activity depended on comparatively small- scale political organization. One thing I have shown here is the extent to which those processes, at least in the Perm Region relied crucially on a combination of local and international petrobarter. Emergent political and cultural forms, that is, were interlaced with and highly dependent on the non-monetized circulation of oil.

We see another dimension of this when we turn to my second point, which has to do with postsocialist money. As I noted at the outset, investigations of the oil-money nexus in places like Nigeria and Venezuela focus heavily on the magical properties of money, on, for instance, its apparent ability to grow and reproduce itself with no effort, and trace the importance of this process for the formation of particular kinds of states— the magical state, in Coronil's phrasing. Money did, of course, circulate in the post- Soviet period, but its behavior was, to most former socialist citizens, quite odd. This was a time when the relative unimportance of money (in the socialist economy) shifted rapidly to a time of massive pyramid schemes, precipitous bouts of inflation and deflation, and wild currency speculation (see, e.g., Verdery 1996 on Romanian pyramid schemes). The importance of bartered oil in the Perm Region emerged in good part *in contrast to* this pyramid scheme money. Bartered oil was, in many ways, the other to wild, magical, unfamiliar money. Oil, its derivatives, and the chains of exchanges they entered were concrete, reliable, local, tangible, non-generalizable—precisely in distinction to the unpredictable nature of money in the banking, salary, and street-corner exchange sector. At the time, the baroque exchanges of oil indexed locality, regional power, and the ability to stand up against international and national centers of power by fleeing from the most fungible of currencies—money—into local regimes of value that had some tangible materiality, some connection to the Perm Region.

This kind of local exchange of oil, an identification of oil as a material object circulating within the Perm Region, even one that had specific Permian qualities, had powerful and long lasting effects. Notably, it informed a critique of the money and power associated with Moscow-based Lukoil, which began a takeover bid for the Perm Region's oil facilities in the mid-1990s. When Lukoil did finally manage to win control of the region's oil industry, it was eminently clear to all parties that they would have to attend to the regional interests and coalitions that grew up through petrobarter. This was the starting point for what has become a major "corporate social responsibility" program in the Perm Region. The story of energy sector corporate social technologies in the Perm Region is covered, in part, in Rogers 2012; regional petrobarter is its opening chapter.

The Afterlives of Petrobarter

So far, my examples have come from the crisis years of the 1990s, years that no one would claim were "normal" or even "capitalist." Is it not the case that all of this barter disappeared in Russia's boom years of the 2000s, years when the economy was fully monetized? Yes and no. I certainly would not deny that money has increased in importance, massively so. Here, for instance, is Irina Ivanonva, the former Lukoil-Perm employee I quoted earlier, recalling the mid-2000s:

> [In 1999], I started to get rich—right before my own eyes. Our salaries were crazy. In 2000 I bought an apartment for 200,000 rubles. It's hard to believe now.
>
> 200,000 rubles. In six months it was worth 800,000. There was this crazy increase in everything that had to do with money…. I refurbished the apartment and started to vacation in Turkey every year.

But I am as skeptical of the easy teleology of oil monetization in the 2000s as I am of the earlier teleologies pedaled by transitologists. In the same very same interview, for instance, Irina

Ivanovna refused to take the oil-money nexus for granted, preferring to see a more cyclical history that featured bouts of monetization and demonetization, oil money and oil barter. Indeed, she and her brother, in recalling the past twenty years, often drew parallels among the crisis years of 1991, 1998, and 2008.

On 1998: “And we all became poor again”; “And so we were again raked under, like in 1991.” “1991 and 1998 – they run together. And now—the same thing … the same thing with money—it’s all flown away again.”

On 2008-10: “And look, everything is being destroyed again. This is already the second year I’m sitting around … well, maybe the recovery is already starting.”

To be sure, nothing was as bad as 1991, as my interlocutors of all sorts often hastened to assure me but, almost to a person, they claimed that they were primed to return to a demonetized economy in short order, should the need arise. These comments on the later periods indicated not necessarily the return to the full-scale barter of the early 1990s, but its invocation, an indication that the memory of the early 1990s was still strong.

I argue that we see signs here that the familiar cycle of oil boom and oil bust is being subsumed into much older models of historical consciousness. In the Russian case, where monetization has long lain lightly on the land, and crises are often seen to morph into one another, I would even argue that we see a the extension of cyclicity of the crisis- begets-crisis type identified by Olga Shevchenko for the immediate post-Soviet period (2008) and by other scholars for earlier periods of Russian history. Barter, that is, continued to have a potent place in the political and historical imagination. One never knew when money would disappear, and the cycle would begin again (see also Rogers 2009 on longer histories of monetization and demonetization).

The fact that bartered oil continued to have a prominent role in people's senses of time and history, even as money poured in, was also true in other domains. Consider the following example, from a stretch of fieldwork in 2009. As part of its broader efforts to attract investment from Western Europe, the Perm Regional government staged a "Forum of Regions" in the fall of 2009. For two days, some of the best and brightest of Perm hosted an array of business leaders and politicians representing sub-national regions in the European Union. The forum was, at least in its ceremonial and plenary parts, typically platitudinous—full of mutual admiration, promises of collaboration, and evocative imagery linking the Western Europe to the Perm Region ("the first place in Europe to see the sun rise").

A note of public disagreement crept into the closing plenary panel, when one guest, a deputy in the German Bundestat, used his allotted time to issue some impassioned and none-too-subtle critiques of Putin-era Russia. "We are all," he declared, "living in laboratories of modernity—laboratories where new kinds of humanity are constantly being created." But, he went on, people must be free to unleash their own creativity in both the economic and the political spheres. People must be given a chance "to participate in their own future." He concluded by noting that he had been present at the Helskini Accords in 1975, when the Soviet Union signed on to international human rights declarations. That promise of human rights, he implied, had not yet been realized in Russia.

One of the Perm Region's principle hosts of the conference, Andrei Klimov, an elected representative in the Russian Duma, gently and diplomatically took the microphone and proceeded to reject the assumptions of his German guest. "Friends, this is a strange deal. You [Western Europeans] want *our* oil and gas in exchange for *your* democracy. So, it's a kind of barter. But I'm not sure that our young people are going to agree to these terms of exchange." He went on to say that he had recently been at a roundtable of youth talking about what Europe would be like in 15 years, and in his opinion, the Russians were far more flexible and imaginative than their Western European compatriots. “Be assured,” he continued, “we have possibilities that we will develop in our own time, with our own customs and traditions, step by step. In 10-15 years, we will be in a better position than we are now.” Klimov’s response drew approval from the audience, and several acquaintances commented on it to me later. One rephrased it slightly, but kept its defiant tone, “You want to *buy* our oil and gas, but *give* us your democracy. What kind of an exchange is that?”

What kind of exchange, indeed? What did casting international relations—here subsuming both the energy trade and political systems—in terms of unequal or unfair exchange accomplish? And how were these things linked to senses of the past and future, from the Helsinki Accords to Russia’s youth and the country’s “own traditions and customs”? For this is what was at stake that evening in Perm, when Andrei Klimov began his brief for a different path for Russia with imagery of a failed, rejected international barter of oil for democracy. Petrobarter, that is, continued to inflect the political imagination. Even at a time when actual petrobarter was at an ebb tide compared the previous decade, its invocation could still conjure a vision of alternate paths, of local sovereignties, of at least partial disconnection from, or rerouting of, global circuits of money.

The Early Cold War

I conclude with a final example of the significance of petrobarter, taken from a still larger scale, although an earlier time. As I noted at the outset, the theories of oil and money against which I am positioning myself are aligned on a first world-third world, largely postcolonial, axis.

I believe this story must be extended to include the role of the second world, especially international petrobarter involving the Soviet Union. (By taking up this example last, I also hope to interrupt the standard teleological story in which barter is left further and further behind as "the economy" becomes more and more efficient and monetized.)

During the Cold War, the Soviet Union was a major producer and exporter of oil, something that historical accounts focused on the Middle East often forget. By the middle 1970s, the Soviet Union had surpassed the United States as the biggest oil producer and was the second largest oil exporter after Saudi Arabia. However, it lay outside the price controls of OPEC and the US-based corporate alliances aimed at managing shortage and keeping profits healthy. Beginning in 1958, however, the increase in Soviet oil exports was a major challenge to these efforts in several ways. There was, as Timothy Mitchell discusses in his recent book *Carbon Democracy* (2011), a geopolitical challenge: pipeline routes from the Soviet Union to Western Europe could, for instance, have challenged the international supremacy of the multinational oil companies. But, for my purposes here, it is more significant that it was not even clear to many in the West how to compete with the Soviet Union, or even measure its impact on the global oil industry. One of the reasons for this is that, especially in the early decades of the Cold War, the Soviet Union often made barter deals for oil with its client states and others, undercutting the market prices of Western oil companies operating in those countries and raising alarms in the West—where oil companies were already dealing with falling prices due to a global glut of oil.[2] The prospect of non-monetized Soviet oil on the global market prompted many observers to call

[2] A fuller version of this argument will discuss in some detail Soviet oil-for-sugar deals with Cuba, a number barter arrangements with India (e.g. Tanzer 1969, ch. 7 and 15), and oil-for-rubber barter deals entered into by the Soviet Union Italy's ENI under the famous Enrico Mattei (much to the consternation of the US and other West European countries).

for closer collaboration between Western states and oil companies, suggesting that Soviet political meddling in the international oil industry warranted state intervention on the side of the West as well—the global oil market and global oil companies needed, it was argued, the patronage of the state in order to keep the world free. This is a familiar oil company argument, to be sure; here, it played out on the grounds of monetized and non-monetized exchange.

Consider, for instance, part of the United States National Petroleum Council report from 1962, on the "Impact of Oil Exports form the Soviet Bloc," prepared at the request of the United States Department of Interior. The report, issued over the signatures of a laundry list of oil company executives (prominent among them Robert O. Anderson of "oil is almost like money" fame), emphasized the threat to the Free World (the report's terms) posed by bartered Soviet oil exports. These exports were undercutting Western companies' profit margins and interfering with their efforts to manage scarcity to their own benefit. "[B]arter deals involving surplus products exchanged with less developed countries," the report noted, "are effective vehicles of Soviet influence since they make commodity producing countries highly dependent on the Soviet Bloc for markets … the Soviet Bloc has seized on petroleum as a highly merchantable commodity that they can barter for much needed Western equipment and technology as well as for political influence" (35-36).

For a time, that is, Soviet petrobarter seriously troubled an international system that was increasingly focused—as Mitchell (2011) again has shown—on oil and money. To be sure, that arrangement itself was replaced by a different one after the global crisis of the 1970s, an arrangement in which the Soviet Union relied heavily on the international sale of oil for hard currency. But that system, too, faded, replaced by 1990s petrobarter of the sorts I have described.

Conclusion

At any particular point in the examples I have given, it might be claimed that petrobarter is transient, insignificant, or somehow less relevant than the monetary exchange of oil. The cumulative evidence, however, points to some enduring ways in which barter has long comprised a non-trivial aspect of the global oil industry, one that is particularly salient in the case of Soviet/Russian oil.

The relevance of these examples is much wider, however, than the Russian/Soviet case, even if it comes most clearly into focus in that context. Petrobarter is with us still. It features, for instance, in many of the deals that Petrocaribe has offered, and sometimes closed on, in recent years as part of Hugo Chavez's efforts to challenge the organization of the global oil industry and to set up alternate political possibilities for the Caribbean region. Iran has proposed a number of oil barter deals, notably and recently with China and Uruguay, in order to duck economic sanctions and the international petrodollar system in general. Some recent estimates place the proportions of Russian oil and gas that is bartered internationally, especially with former Soviet republics, as high or higher than it was in the Soviet period (Clossen 2011; see also Balmaceda 1998; 2008). And so on. These cases, along with the ones from the Perm Region I have discussed in more detail, point, I suggest, to the importance of considering non-monetary modes and patterns of exchange as important elements of global oil. In the current global political and economic climate, both the "petro" and the "dollar" elements of the international system are under significant pressure. It seems, at this moment, especially useful to keep in mind that oil is NOT, at least not always, almost money.

Coda

Noted political scientist Michael Ross concludes his recent book *The Oil Curse: How Petroleum Wealth Shapes the Development of Nations* (2012) by suggesting some ways in which oil-producing states might avoid what he sees as the common policy choices that lead, in nearly all cases if not inevitably, to high levels of inequality and undemocratic outcomes. Citing China's recent oil-for-infrastructure deals in Africa, Ross proposes barter transactions as one alternate possibility to the "curse" of oil wealth; because they do not generate massive flows of money that can deform political systems, he suggests, barter transactions might be a surer route to "normal" development in oil- producing states. Ross is not sure about this because, he says, "the barter contract is a new phenomenon in the petroleum world" (237).

As this working paper has shown, Ross is entirely wrong about the newness of petrobarter. The barter of oil has a history every bit as long as the monetized exchange of oil (although this history is harder to see if one takes for granted, as Ross and many others do, the tight relationship of oil and money). Indeed, petrobarter has long served as a domain in which alternate futures might be imagined and pursued. These futures have frequently attempted to skirt or reformulate—and occasionally to challenge overtly—the inequities generated not just in any particular oil-producing state (as Ross would have it), but in the entire global "oil complex" (Watts 2005) writ large. As scholars and policy- makers go about posing solutions to what many still insist on framing as the "recourse curse," they might wish to attend less to abstract ideas and theories and more to domains in which alternatives to the workings of the global political economy of oil have already been imagined and pursued, in a variety of places and at variety of scales. Petrobarter is one such domain.

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