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Space, Oil and Capital

By Mazen Labban.
New York: Routledge, 2008.

Conventional geopolitical perspectives on oil posit that the world's total oil supplies have been depleted to such an extent that we are past the peak, and conflict and rising prices are to be expected. Political economy perspectives often reject such neo-Malthusian ideas and stress the importance of oil as a strategic commodity for the perpetuation of hegemonic power, in this case by the United States. Mazen Labban's insightful, dense, and short book (roughly 150 pages) applies a Marxian geographic analysis to the subject of oil with a focus on the Soviet Union, Russia, and Iran. In doing so, he provides a fresh perspective on the causes of global price fluctuations and the geopolitics of access to the world's oil reserves.

Labban argues that the scarcity or abundance of oil is a sociospatial relationship. The central contradiction for capitalists who are engaged in accumulation based on oil extraction is the chronic overproduction and oversupply of oil, which undercuts profitability. Therefore, oil capital competes not for the world's last reserves of petroleum but to prevent oversupply. Capital aims to maintain monopoly profits from oil through the centralization of control of the industry and by regulating capital flows to ensure the continuation of oil-based accumulation. This contradiction is expressed spatially through conflict with landed capital, most often in the form of landlord states.

In the theoretical exegesis of Chapter 2, Labban methodically demonstrates the interplay of forces in capitalist production—between extractive and other sectors and between producers of various levels of productivity and the accompanying compositions of constant and variable capital (i.e., organic composition of capital). He makes two important points. First, extraction is erroneously examined only in isolation from capitalist production in general. Labban argues strenuously that extraction is part of and driven by capital accumulation generally, since it provides the raw materials for continued accumulation.

Second, via hypothetical examples and sequentially relaxed assumptions, he shows how differently situated producers realize either excess profit or negative profit (somewhat of an oxymoron), resulting in intracapitalist competition. If capitalists move into the more profitable production regions, then profit levels may equalize. However, this realignment may produce a glut. Overaccumulation that is due to overproduction is thus often countered by preventing more profitable producer-regions from putting all their oil on the market (e.g., OPEC) or by denying more profitable producer-regions further investment capital (e.g., sanctions against Iran). In brief, there are contradictions between the individual and collective interests of different (hypothetical) factions of capital. Extending this analysis to imperialism, Labban rejects those who view imperialism as interstate rivalry, arguing that it is better understood as competition among different factions of capital. Furthermore, he includes the state, especially the landlord state that is interested in gaining wealth from the extractive oil industry, as another faction of capital.

The frame of capitalist contradictions producing geographic contradictions is applied to the Soviet Union, Russia, and Iran with intriguing insights. The Soviet Union was more of a resource-exporting peripheral dependency than an industrial power. As Soviet leaders sought new investments and export outlets, the inefficient command economy led to geographic expansion eastward, rather than to intensification of production in old oil sites.

Collapse came just as the Soviet government began to open up to foreign oil capital. In the new Russia, there was further integration with global capital tempered by the state partially nationalizing the oil industry. Rather than a true “reverse privatization,” Labban argues that this was the state acting as a faction of capital but still needing global (foreign) finance capital to facilitate its accumulation. The power of this faction to stave off foreign oil capital is not completely explained, however, and the difference between the hybrid arrangement in Russia and the partial neoliberalizations occurring in other parts of the world is unfortunately not explored.

Finally Labban highlights the tension in Iran between the political effort to impose sanctions against a “rogue” state and the interests of oil companies in gaining access to and control over lucrative oil reserves. President Clinton both signed sanctions into law and diluted them in practice, especially as U.S. oil interests competed with European and other oil interests that were willing to ignore Iranian politics and nuclear development. In the Bush period, Labban points out, the oil interests of Bush and Cheney were with traders and oil service providers—not producers—and thus did not coincide with opening the low-cost oil fields of the Middle East. This puts a different twist on most leftist accounts of the Iraq war.

The case chapters are pithy and detail filled but too short, with too much time spent repeating Labban’s thesis regarding the contradictions between integration and fragmentation in the geographic space produced by global oil. Although the global and theoretical framing adds much to the analysis, it lacks a comparative frame to read across the cases. Also, there is so much empirical detail—names of oil companies and legal and contractual arrangements—that one sometimes loses the thread of the argument. And the book stops abruptly after the cases with no concluding chapter.

Theoretically, there is surprisingly little direct engagement with other perspectives on global capitalism and extraction. World-systems analysis has also considered the Soviet Union to be a part of the capitalist world economy. Giovanni Arrighi’s analysis of the different logics of territorialism and of financial capitalism may also assist Labban’s analysis. Similarly, Stephen Bunker’s analyses of extractive regions in the world economy and (with Paul Ciccantell) of the role of extraction in the formation of hegemonic powers seems relevant. But an array of ecological Marxists, such as Ted Benton, James O’Connor, Paul Burkett, Joel Kovel, and John Bellamy Foster, are not engaged.

Space, Oil and Capital could beneficially be used in teaching (very) advanced undergraduate- and graduate-level courses on the geography, politics, and sociology of natural resources and development. The writing is a bit dense for those who are less familiar with Marxist analyses of capitalist accumulation, organic composition of capital, surplus value, and realization. Yet Labban offers an insightful analysis and challenging thesis on the place of oil within the dynamics and contradictions of capital circulation and accumulation expressed in the production of geographic integration (aka globalization) and fragmentation. Given the hefty price tag (currently \$140), one hopes that a paperback edition will soon be published.

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