

Stu's Notes #9

Stu's Notes provide selected passages from books that are of interest to Stu. They are primarily direct quotes, though some longer passages are summarized. They do not generally provide a thorough synopsis of the book. Rather, they capture individual facts or opinions of interest, which may or may not be reflective of the overall text.

Title: **It's the Crude, Dude: War, Big Oil, and the Fight for the Planet**

Author: Linda McQuaig

Publisher: Doubleday Canada

Published: 2004

Stu's Notes: 2005 November 7

Summary: *Lively discussion of the global oil economy, climate change, politics, consumption, energy efficiency, the oil industry, and terrorism.*

Highlights: Establishing the Intergovernmental Panel on Climate Change [p.125]

Emissions of industrialized vs. developing countries [p.130]

Industry resistance and scientific optimism [p.153-156]

How the SUV became common [p.160]

"How did our oil get under their sand?" [p.194]

The oil cartel, and breaking it [p.203-220]

More energy efficiency is the biggest energy "source" we have ... "How much more could we get from this source if we *tried*?" [p.257]

The reasons for terrorism [p.288]

“[ex Intergovernmental Panel on Climate Change chair Robert] Watson realized he would be treading on territory that lay at the very heart of the most immensely profitable and powerful set of business interests in the world.

“Watson’s response was to be even more thorough and comprehensive in his scientific review than he’d been the last time. With such massive corporate financial clout lined up against him, there was no room for error. Any mistakes or missteps, he knew, would be relentlessly exploited by the fossil fuel lobby. So Watson put in place an almost unbelievably rigorous system for the preparation and peer review of scientific reports – a system that remains in place. Reports are drawn up after extensive research, which includes consultation with industry. A draft is first sent to a few experts then redrafted and sent to every relevant scientist in the world – about 2,500. After feedback from these experts, it is redrafted and sent back to them for another look.

“‘Without any question it’s the most intense peer review system ever,’ Watson said in an interview at his office at the World Bank headquarters in Washington. ‘More than any journal or any institution, by an order of magnitude ... I don’t know how you could design a process more rigorous.’” [p.125]

“Even more effective in getting the industry’s message across has been scepticism in the mouths of real live scientists. And of course there are some scientists – surprisingly few, actually, not more than a dozen or so out of thousands of scientists around the world – who are sceptical. ... The media have granted this handful of sceptics – many of them industry-funded – almost the same respect and space as the thousands of scientists around the world who participate in the extensive peer review process carried out under the auspices of the United Nations.” [p.126-127]

“This unwillingness to cut the Third World any slack over their greenhouse gas emissions was astonishing. After all, as Watson points out: ‘We in the industrial world caused the problem ... We got rich burning cheap coal.’ (Furthermore, there was a precedent for exempting the Third World from the initial round of reductions, which was all that was being urged. In the case of the ozone layer depletion, the Montreal Protocol had exempted the Third World from the initial round of reductions because Third World countries had been only minor contributors to the problem. ...)” [p.130]

“Across town at the Union of Concerned Scientists (UCS), where there is considerable expertise in today’s technology, no such gloom prevails. In fact, there is boundless confidence about what can be achieved – using nothing more than current technology. Engineers working for this non-profit group of scientists have already designed their own SUV – the UCS Guardian, they call it – which is the same size and has the same power as a typical SUV but is 30 percent more fuel efficient. As the group notes, ‘All the technologies and design techniques employed in the Guardian are available in mass-produced vehicles in the United States today.’ [Includes fuel-efficient engine (apparently not hybrid), more aerodynamic, higher-strength lighter steel.] ... These improvements would add about \$600 to the price of an SUV ...” [p.153]

This is pretty much the pattern with all new environmental regulations, according to Elizabeth May, who has observed the process many times. She argues that there are even recognizable stages corporations go through in resisting new regulations: first they deny the science, then they deny they’re the ones causing the problem, then they insist

the economic damages in tackling it would be catastrophic. 'Then once they see that the government is serious, there is acceptance – and even increased profitability,' she sighs. 'It's all very predictable.' [p.156]

"The spectacular rise of the SUV could be seen as a series of fluky developments. If it hadn't been for the 1960s trade dispute over chickens and the resulting import tax on light trucks, the protected market for light trucks – free of ever inventive Japanese competitors – might never have come into existence. Without a protected market, U.S. automakers would have been less inclined to develop and promote huge vehicles under the guise of light trucks, and U.S. lawmakers would have been less likely to grant these oversized vehicles favourable treatment. So, in a sense, the whole thing could be chalked up to a mistake that got out of control." [p.160]

John D. Rockefeller's original Standard Oil of New Jersey was ordered dismantled by the Supreme Court in May 1911. The parts that resulted are now known as Exxon (almost half of the original conglomerate), Mobil, Chevron, Amoco, the American arm of British Petroleum, Conoco, and ARCO. And yet, the companies still acted much as they had before, staying out of each other's turf and carrying on their old commercial relationships. [p.186]

"And these nationalistic feelings have inevitably brought them into conflict with powerful corporate forces in the West, which see the region's oil as, if not their birthright, then at least their legitimately claimed property. This Western attitude was captured succinctly in a clever slogan that appeared on placards at an anti-war demonstration in Washington in the spring of 2003: 'How did our oil get under their sand?'" [p.194]

"One of the most striking things about the international oil order that dominated the global economy from the 1920s on was the way it efficiently, comprehensively, systematically operated as a cartel." [p.203]

The heads of the three dominant international oil companies – Shell, BP and Exxon – met at Achnacarry Castle, Scotland in September 1928. The result was a written document, dated September 17, 1928, in which the companies agreed not to compete with each other but instead to set quotas in order to maintain their existing market shares, to co-operate in sharing facilities and to prevent surplus production from disturbing prices. In the following years, four more big players – Texaco, Gulf, Mobil and Atlantic – were brought into the agreement. The companies have long since acknowledged the Achnacarry agreement, but have insisted that it was terminated in the late 1930s. However, the U.S. Federal Trade Commission, which found massive evidence of the cartel arrangements in the companies' files during an investigation in the 1940s, found no evidence suggesting the arrangements had ever been terminated. There is evidence that the co-operation still existed as late as the early 1970s. [p.207]

Perhaps the first successful play against Big Oil was by Mu'ammarr al Qaddafi, who seized power in Libya in September 1969. He demanded a 40-cent royalty increase, and threatened to shut down the operations of the 21 companies operating in Libya. He leaned on Occidental, which had almost all its reserves in Libya. Occidental capitulated, followed over the next few months by all the other oil companies operating in Libya. [p.218-220]

“Furthermore, it turned out that cutting back our use of oil wasn’t nearly as difficult as one might have assumed. As Yergin points out, by 1985 the U.S. was 25 percent more energy-efficient and 32 percent more oil-efficient than it had been in 1973. Most of the savings hadn’t come from people going without energy but rather from technological improvements – notably in car engines and appliances – which simply enabled our machines to perform the same functions but more efficiently. In any sane assessment this amounted to a net improvement, even a financial saving. Ralph Torrie, an Ottawa energy consultant, notes that the energy saved through increased energy efficiency over the last three decades is actually the biggest new ‘source’ of energy we have. And we’ve gained this new source, he notes, ‘[w]ith almost no government assistance, in the absence of well-organized institutional and financial infrastructure for its delivery, and against heavily subsidized and highly organized competition from oil, gas and nuclear power.’ Asks Torrie: ‘How much more could we get from this source if we *tried*?’” [p.257]

“To even suggest that there are *reasons* why Al Qaeda’s message resonates with many in the Middle East is to risk censure and charges of anti-Americanism.

“If there weren’t such wilful blindness on this subject, there would be lots to discuss and explore. Tempting as it is simply to dismiss Osama bin Laden as a crazed madman, his grievances are fairly straightforward, even if his methods are barbaric. Bin Laden refers to ‘eighty years of humiliation and disgrace’ suffered by the ‘Islamic nation’. This is not particularly puzzling or hard to grasp. It is clearly a reference to the West’s domination of the Islamic world, starting with the cavalier carving up of the Ottoman Empire at the end of World War I, just over eighty years ago. While bin Laden is an Islamic fundamentalist, his hostility to the West seems to be rooted in a fairly familiar phenomenon: a sense of humiliation derived from decades of foreign domination. Resentment of foreign domination – particularly by a foreign power with another language, culture and religion – is a pretty standard human response across the ages and throughout the world; it’s hardly something confined to the Middle East. An unusually explosive situation has developed in that region in the last few decades as a result of a number of factors, including intense feelings among Muslims of humiliation and helplessness at the growing power of Israel, an increasing U.S. military presence and a large amount of money available to finance a sophisticated underground terrorist network.” [p.288]