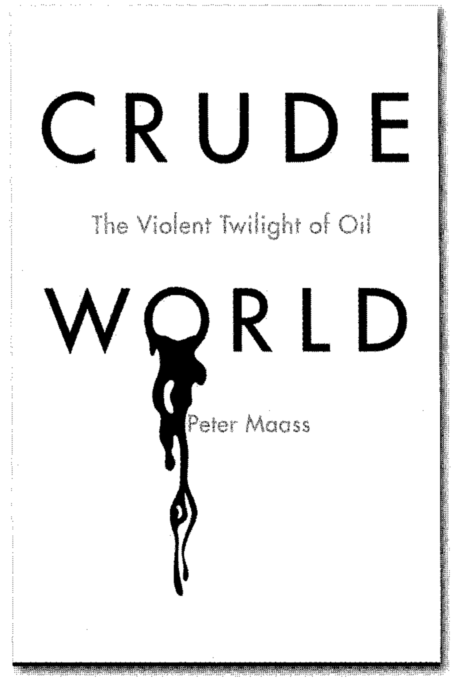
Bottom of the Barrel

Why the Saudis wish they'd discovered water instead.

By Charles Homans



Crude World: The Violent Twilight of Oil

by Peter Maass
Alfred A. Knopf, 288 pp.

The world's first oil well was drilled 150 years ago on a farm two miles outside the wooded hamlet of Titusville, Pennsylvania, by a man named Edwin L. Drake. Drake was forty years old, an erstwhile railroad conductor and a gifted huckster; he arrived in Pennsylvania's logging country with a bogus title—Colonel E. L. Drake—to better impress the locals. His financiers had mostly written him off by August 1859 when, more than a year after he started his work, Drake finally struck oil. The farmers who worked along Oil Creek came running to witness the future bubbling up greasily from the pasture.

What happened next—recounted in detail in *The Prize*, Daniel Yergin's 1991 doorstop of an oil history—was dizzying. Speculators rushed to buy every available scrap of land in what became known as Pennsylvania's Oil Regions, goaded by tales of miraculous good fortune—one well had repaid $15,000 on the dollar over less than two years of production. The state's oil output more than sextupled between 1860 and 1862. Up in New York, there wasn't enough office space on Wall Street to accommodate all the new companies the industry was spawning.

But if some colossal fortunes—most notably John D. Rockefeller's—were made on Pennsylvania oil, far more were ruined by it. The fever of speculation, coupled with the unpredictability of the new industry, caused prices to plummet from $10 a barrel to 10 cents over a span of just one year, then shoot up again. In one Pennsylvania boomtown, a plot of land that was worth almost nothing in 1864 was sold for $2 million a year later, then again for less than $5 thirteen years after that. The upheavals ultimately swallowed up Edwin Drake himself; the man who first drilled the industry into existence had a brief, disastrous run as an oil buyer on Wall Street, and just seven years after he hit oil was reduced to begging money from his friends. James Townsend, the Connecticut banker who funded Drake's work, fared better, but no less bitterly; "the suffering and anxiety I experienced," he later wrote, "I would not repeat for a fortune."

While contemporaneously volatile Gilded Age industries, such as railroads, have long since settled into normalcy, oil remains afflicted by the paradox that Drake stumbled across a century and a half ago: the people who should theoretically reap the greatest benefit from oil are often the ones who suffer the most on account of it. Of the world's top ten oil-exporting countries, only Norway can claim to have an open, democratic society and a transparent government; only Norway and the United Arab Emirates rank in the IMF's top ten for gross domestic product per capita. Seven of the top ten, meanwhile, are rated as "in danger" on the Failed States Index compiled this summer by the Fund for Peace and *Foreign Policy* magazine. "All in all," Sheik Ahmed Yamani, the oil minister of Saudi Arabia from 1962 to 1986, once grumbled, "I wish we had discovered water."

This is the thing that interests Peter Maass in *Crude World: The Violent Twilight of Oil*. "I lived in Asia for several years and wondered, if oil was such a blessing to countries possessing it, how South Korea, which has no oil, became an economic tiger, as well as Japan, whose oil reserves are minuscule," he writes. Oil-rich Iran, meanwhile, has endured political upheavals, war, and—indignity of indignities—gasoline shortages amid an overflow of unrefined crude. Nigeria, the world's ninth-biggest oil exporter, has seen 80 percent of its oil wealth go to 1 percent of its population, according to the World Bank; the country has a lower GDP per capita than Senegal, which mostly exports fish and nuts.

Economists and international development types have spent years trying to quantify, prove, and disprove this phenomenon, known as the "resource curse"; the notion that access to natural riches creates not prosperity in the nations that have it, but rather poverty, instability, and corruption. How it happens is easy enough to understand. Resource markets are often volatile, and people with ready access to natural wealth have few incentives to come up with more innovative or diversified means of making money—why build Silicon Valley when you can sit back and collect revenue checks off the uranium deposits in the backyard? (You don't have to go halfway around the world to see how this works—take a look at the economic indicators for West Virginia's coal country.) In developing countries, lucrative resource exports also tend to strengthen local currencies, which hurts industrial and agricultural exports and worsens resource dependency.

Oil brings its own particular problems, too. Once the drilling and shipping infrastructure is online it doesn't require much manpower to keep the crude flowing, which means that oil-rich countries can, and usually do, enjoy both high GDP and high unemployment. If populations grow too much, wealth becomes a zero-sum game, which explains why oil has made the relatively few citizens of Kuwait prosperous and happy, while populous Saudi Arabia foments a worsening stew of middle-class ennui. And of course oil's centrality to national security means the stakes are always high—it's been awhile since anyone accused the United States of overthrowing a government on account of a cobalt mine.

Maass, a veteran war correspondent for the *New York Times Magazine* and the author of *Love Thy Neighbor*, one of the first and best book-length journalistic treatments of the Balkan conflicts of the '90s, is chiefly interested in the miseries that these market forces visit upon the people and places in their path. This concern with the micro over the macro makes *Crude World* something of an anachronism among recent oil books. Climate change goes almost unmentioned save for a few pages in the conclusion; Maass spends an early chapter on peak oil, in which he endorses the theory that we have most likely already passed it, but then moves on.

Maass's main preoccupation is the surreal, dysfunctional society that has grown up around the international petroleum industry, and at its best *Crude World* offers an unflinching depiction of it. The most striking aspect of his account is how unchanged this society is from one country to another, a self-contained world which from Port Harcourt to Baku is inhabited by the same broad categories of residents—Texan engineers in SUVs, migrant workers from low-wage countries like India and the Philippines, a mostly interchangeable cast of local political buffoons—living in the same prefab communities of fortified hotels and private militias, bankrolled by the same handful of companies. It is nothing less than the skeleton of modern civilization; the only thing more impressive than its architecture is its invisibility to anyone who isn't looking for it—or living in the shadow of it.

Maass frames his book as a "journey into oil," and at the outset it is an engrossing one, equal parts *Heart of Darkness* and *Mad Max*. Maass visits the Niger Delta in Nigeria, a country which, prior to the discovery of oil, seemed to have bright prospects, and now contains four times as many guns as computers. He travels up the delta's network of oil-choked creeks in a canoe with members of a rebel militia engaged in a long-running pitched battle with Royal Dutch/Shell, the largest player in Nigeria's oil industry. The landscape is apocalyptic, lousy with tangled pipelines, the creek banks lit with burning gas flares. Nigerian soldiers stand guard on a Halliburton drilling barge. Maass's canoe passes an island shantytown—dubbed Little Russia—full of prostitutes who service the soldiers and oil workers on the mainland.

A Potemkin village built by Shell to demonstrate its investments in the local community is mostly derelict; the company has provided a health clinic but no resources to operate it, an electrical generator but no fuel. The rebels, meanwhile, style themselves as agents of environmental and social justice, but are just as dependent on the oilfields as Shell is. The industry supports them indirectly by way of the pipelines they illicitly tap, and directly through kidnapping ransom payments and infrastructure protection rackets; "It was an Escher schematic of recirculated violence," Maass writes.

Maass has an admirable empathy for his subjects, and he extends it—though not uncritically—to the ostensible villains in his story. "I liked most [oil] executives I met," he writes. He correctly identifies the main difference between oilmen and less rapacious professionals as one of circumstance: "If you want to alter the behavior of an executive who usually follows the highest ethical standards, just give him a briefcase and tell him that his job depends on his winning an oil contract in a country that is not Norway." This moral complexity has its limits—the oil business's routine claim that it is simply going to the necessary lengths to provide a product that everyone needs is badly undercut by the industry's long-running efforts to break the political will for the kind of renewable energy expansion that could lessen that dependency—but Maass's basic point stands. As any cell phone manufacturer trying to get coltan out of the Democratic Republic of Congo could tell you, the moral distance between an oil buyer and a Nokia executive is a lot shorter than you might think.

Still, Maass provides plenty of reasons to feel less than charitable toward the guys. Most damning is his account of the transformation of Equatorial Guinea, which only became an oil exporter in the '90s—"by which time," Maass writes, "the world's politicians, bankers and oilmen had promised to do a better job." If you think this is actually going to happen, of course, you haven't been paying attention. Instead, the American government, several U.S.-based oil companies, and Riggs Bank (whose main branch was across the street from the U.S. Treasury in Washington until Riggs was absorbed by PNC Financial Services in 2005) find themselves kowtowing to the brutal regime of President Teodoro Obiang in the name of uninterrupted oil shipments. In the town of Ebebiyin, Maass watches phalanxes of ExxonMobil, Halliburton, ChevronTexaco, Marathon Oil, and Total employees march behind Obiang's motorcade in a parade honoring the president. This is the sort of thing that most companies' PR flacks would not be thrilled to hear about: Obiang is a low-rent military dictator who displayed his predecessor in a cage at a public movie theater before executing him, used his country's oil revenues to buy a personal Boeing 737 with gold-plated bathroom fixtures, and may have eaten one of his enemies.

Obiang's subjects, meanwhile, have barely benefited from the boom in Equatorial Guinea, something which is only partly Obiang's doing—it's cheaper and easier for the oil companies to import foreign workers and establish their own supply chains independent of the Equatorial Guinean economy. "The plant—like most oil installations in the developing world—could have been on the moon for all the benefit it offered local businesses," Maass writes of one natural gas facility. "Those are local rocks," the Texan plant manager tells him, pointing to the roadside gravel at the worksite, "but importing them would be cheaper."

Unfortunately, once Maass leaves Africa, *Crude World* feels less like a journey and more like an overbooked weekend getaway. Maass proceeds through his multi-hemispheric oil-ravaged itinerary—Ecuador, Azerbaijan, Iraq, Saudi Arabia, Russia, and Venezuela—at breakneck speed, and the reader barely has time to take in the bleak scenery. It's too much material for a book clocking in at scarcely 200 pages before the endnotes, and there are telltale signs that *Crude World* took a lot of cuts in editing. Characters are treated to lengthy introductions only to offer up a brief quote or two and then abruptly disappear; scenes are cut off before they've had time to build any momentum. Some sections are clearly repurposed magazine articles that were originally about other things. A lengthy chapter on the travails of Iraq's oil ministry following the American invasion—Maass covered it, and was on hand to watch the Marines topple the statue of Saddam Hussein in Baghdad's Firdos Square—tells us plenty about the incompetence of the Coalition Provisional Authority, but not much new about oil (fact: Iraq has a lot of it).

Even when *Crude World* doesn't feel rushed, it often feels shallow. Maass has put in the time on his subject—in the introduction he says he worked on this book for the better part of a decade, and visited eleven countries in addition to the aforementioned half dozen. But you still get the sense that at the end of the day, he didn't quite get the story. The bulk of the people he speaks with are official talking heads who acquiesce to brief and useless interviews, leaving him to speculate on the real motives behind their on-the-record bromides. The best muckraking in *Crude World* borrows from earlier work by reporters who have had better luck prying loose the secrets of the oil industry, such as *Harper's Magazine*'s Ken Silverstein; otherwise, that world remains frustratingly opaque here. In one odd scene, Maass attends the gala dinner event at an industry conference in Houston, makes a few notes about the menu and the ExxonMobil CEO's keynote address, and apparently leaves without talking to anyone.

The weakest part of this kind of reporter's book about energy is invariably the conclusion, in which the desire to sum everything up and offer at least some sliver of hope runs aground on the daunting complexity of, and lack of clear-cut solutions to, global warming, energy security, or any other of the increasingly existential problems posed by our fossil-fuel dependence. On this score *Crude World* is characteristic, offering a couple of narrow good-governance prescriptions and a vaguely optimistic anecdote involving wind turbines. "A world in which the priority is not getting oil but getting *off* oil would be better not only for the atmosphere but also, as I've seen, for the people who live in ... resource-rich nations," he writes.

It feels like a cop-out, in part because Maass himself has drawn far more interesting lessons from his reporting elsewhere. In a 2005 *Times Magazine* piece, he made the provocative argument that well-intentioned environmentalists who opposed drilling in pristine domestic wildernesses like the Arctic National Wildlife Refuge should think harder about whether it was right to do so—outsourcing oil production to other countries isolated Americans from the impacts of their petroleum-intensive lifestyle. "Perhaps a few more drilling platforms in our most precious lands and waters would make us understand that the true cost of oil is not posted at the gas pump," Maass wrote in the article. And a barrel that didn't come from a relatively responsibly managed operation like those in the United States, he pointed out, would have to come from an unregulated nightmare zone like the Niger Delta. Better a few displaced caribou than the wholesale ecological and economic destruction of another country.

Nigeria, the world's ninth-biggest oil exporter, has seen 80 percent of its petroleum wealth go to 1 percent of its population. It has a lower GDP per capita than Senegal, which mostly exports fish and nuts.

In the end this is almost certainly a false choice—it's hard to believe that, sooner or later, we won't try to get our hands on every last drop of oil the earth has to offer—which may be why Maass left the argument out of *Crude World*. But there is something clarifying about putting the dilemma in those stark terms; the first step toward thinking productively about a problem of this magnitude is recognizing that none of the options will be remotely easy. WM

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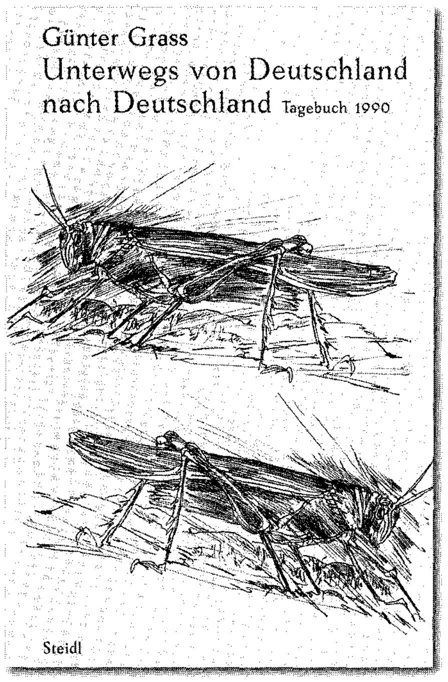
Germany's Cassandra



Unterwegs von Deutschland nach Deutschland: Tagebuch 1990

(On the Road From Germany to Germany: Diary 1990, German ed.)

by Günter Grass
Steidl Verlag, 255 pp.

Twenty years after the fall of the Berlin Wall, Günter Grass still thinks reunification was a bad idea.

By Paul Hockenos

Twenty years ago, writer Günter Grass, Germany's most noted Nobel laureate, began a special diary. The Berlin Wall, which had divided Germany for over a quarter century, had been torn down, unleashing huge questions about Germany's destiny and its place in the wider world. Grass felt that witness demanded to be kept. The opening of the German-German border gave him the previously unimaginable opportunity to travel through the German Democratic Republic during the brief, adrenaline-charged interregnum between the wall's fall (November 1989) and unification (October 1990). During that period, Grass—ever the public intellectual—was not only an observer but, as he has been since the postwar fifties, an active participant in the debate over the historically loaded German Questions.

The publication this year (in German only) of the Grass diaries, *Unterwegs von Deutschland nach Deutschland: Tagebuch 1990* (On the Road From Germany to Germany: Diary 1990), nearly two decades after German unification provide a thoughtful antidote to the flood of self-congratulation that is certain to accompany the anniversary celebrations this year and next. Those observations are stark, perhaps in retrospect overly so: Grass was one of the nation's most outspoken critics of unification and its architects—U.S. President George H. W. Bush, and the special object of Grass's reprobation, conservative West German Chancellor Helmut Kohl, the undisputed father of unification.

It is hard today to imagine any other outcome than unification as it transpired, namely the eastern territories' total incorporation into the Federal Republic and the united Germany's immersion in NATO. There are few today who'd contest unification, who'd wish there were two Germanys again. But it is worth remembering that many German leftists, particularly those schooled in postwar West Germany, initially balked at the prospect of "reuniting" Germany at all, which was still, as they saw it, atoning for the sins of its recent past. Günter Grass, born in the Free City of Danzig (now Gdansk) in 1927, was a generation older than the skeptical baby boomers but no less cautious about rousing a virulent nationalism that postwar democratization may have mellowed but not purged.

In the diary, which is punctuated with Grass's own quirky ink sketchings, the then sixty-two-year-old embarks on a series of extended reading tours to eastern cities like Leipzig, Dresden, and Cottbus, as well as further-flung locales in the forests of Mark Brandenburg and along the coast of the Baltic Sea. He crisscrosses borders that had just weeks before been the Iron Curtain—the watchtowers still in place—where good-humored East German guards just wave his car through. One asks to have a copy of *The Tin Drum* autographed. Grass remarks with consternation at the eastern Germans' new obsession with products from the west, as if a carton of milk with advertising on it were better than milk from a state-run cooperative in unadorned packaging. "The money, the money's got to come," a Leipzig taxi driver tells him. "It doesn't matter how; the main thing is the money."

Like just about everyone on the German left, Grass is shocked when the freshly liberated easterners throw their first democratic vote behind the West German–backed conservatives, spurning not only the Social Democrats but also the courageous dissidents who were the catalyst for the peaceful revolution of autumn 1989. The conservative landslide sets the stage for unification, thereafter a question of how and not whether. Grass shakes his