

Interview with Peter Maass, Author of *Crude World: The Violent Twilight of Oil*

Interview by Jhelum Bagchi and Karishma Thakkar

Peter Maass is the author of Love Thy Neighbor: A Story of War, a book about the war in Bosnia published in 1996 by Alfred A. Knopf. More recently, Maass authored Crude World: The Violent Twilight of Oil. He has won The Los Angeles Times Book Prize (for nonfiction) and the Overseas Press Club Book Prize for Love Thy Neighbor, and was a finalist for several other literary awards. In 1997, after working for a year in Washington as a staff writer for the Post, he left the paper and moved to New York City, where he is a contributing writer at The New York Times Magazine. He spoke to PGI about his experiences while writing about the global oil industry in Crude World.

PGI: What prompted you to write this book? What was the point you thought this book needed to be written about?

PETER MAASS: Well, I'd written a book about the war in Bosnia in 1996, and that was very much a book about war itself, or a particular war. What [being in a war] felt like sounded like being shot at – seeing people shot at. And so after that, I wanted to write a book that would not be about a particular war or conflict, [but] one of the reasons for conflict, one of the reasons for war, one of the reasons for poverty or wealth – because I wanted to go deeper. So, while reporting and writing for magazine stories, I realized that oil was it.

When I was in Bosnia, people had said the city was surrounded by Serbs, but what they were saying to me was that “If only we had oil, America would care.” Then, as I went out into the world and other places, especially in the Middle East: “If we didn't have oil, we wouldn't have so much trouble.” But of course, oil is absolutely essential to the economy and to politics. But there were all these un-answered questions about it: Do we fight wars over it? What wars do we fight over it? Does it make people richer, particularly in the countries that have oil? Or perhaps, does it not make them richer? What role does oil play in poverty and wealth across the globe? So I had all these big questions that I wanted to answer and then I realized that there was no book out there, the type that I wanted to read. [There were] a lot of books that were

political and economic, but there were none that were narrative, that had stories in them, that told the story of oil through the story of the people and through interesting stories of countries. And so I decided that this is what I would do.

PGI: Did you know you were addressing the issue of the “twilight of oil,” or was it something that came upon you as you dug deeper into the subject?

PM: I think it came upon me gradually, because I started doing this book in 2001, and at that time there wasn't nearly as much tension towards oil, towards the question of supplies of oil, or global warming, as there are now. So at the time that I started the book, I just wanted to throw a spotlight at something that I thought was important.

As time went on, it became clear first that global warming was indeed an issue; in 2001 it was pretty much being discussed about but still wasn't as essential an issue as it is today. Global warming is very real in that burning a fossil fuel creates essential problems for the global economy and the society. And then came this question of how much oil there really is that can be extracted – that is the peak oil discussion.

I also came to realize that we are at the peak of global production of oil, that at some point we won't be able to go beyond the 85 million barrels per day of oil that is being produced. Oil became central to the global economy just before World War I, when Winston Churchill switched the British Navy from coal burning to oil. And now, almost 100 years later, even the most optimistic estimates say that oil supplies will remain for a maximum of 20-30 years. Hence, if you have only 20-30 years left where oil can be central, after a century of oil being central and when also a lot of efforts [have] started to get us out of the century of oil, I think if you think very clearly, this is a twilight era.

And also, given the violence that existed in the pre-twilight period, it would continue to be violent. Violence as I define it is not just in terms of wars, but also in pollution, in corruption – these are things that

also cost lives.

PGI: What is the typical reaction of oil producers to the concept of *Twilight of Oil*?

PM: I've been to a lot of different countries and investigated or looked into different issues, but there was no bigger [or] firmer door that was kept shut in front of me than the one about supply, particularly in the OPEC countries. I went to Saudi Arabia, the highest oil-producing country at 264 billion barrels, which is kind of the center of these questions of peak oil. Not that anybody thinks Saudi Arabia is going to run out of oil, it's just everybody keeps wondering if Saudi Arabia can keep increasing the amount of oil it keeps extracting. So I went to Saudi Arabia, but the Oil Minister refused to see me. He would not even let me into the ministry of oil. The spokesman refused to see me until the last day that I was in Saudi Arabia in the lobby of my hotel for around 20 minutes, where he basically told me to get lost.

The problem is these producers of oil, like Saudi Arabia, Russia, Iraq, and Iran, do not believe in independently verifying data. Particularly, they are reluctant to discuss the processes employed in getting the oil out – what secondary methods are used, how much water is coming out with the oil. These are the key indicators of how healthy reservoirs are – how much oil they will be able to continue to produce. In general I tend to be skeptical of governments when they tend to tell me something without providing me with any evidence. And this was a case where the governments and the state-owned oil companies were refusing to give information to anybody that could support their claims. Above all, it's in their interest to provide us with untruthful information because they would like to have us believe that they can provide us with as much oil as we will ever need. If that were actually the truth then they would provide independent evidence, but since they don't, it seems very fishy to me.

PGI: What is the influence of the United States and the dollar on the oil-producing countries?

PM: Well, if it's done abruptly, then the impact would be huge – but I don't think it would be done abruptly. The oil-producing countries don't want to do something that is going to significantly damage the U.S. economy because that damages their assets, their reserves, which are dominated in the dollar to a great extent – except for countries like Iran and Venezuela, which, for political reasons, would like to damage or at least threaten to damage the U.S. economy. These countries realize that if they move too fast, they hurt

themselves. But there is this move, because frankly it makes sense to the exporters – they are tied into the dollar, which is a currency that is beyond their control and is depreciating partly because the U.S. government is issuing so much debt. If they continue to have their main product denominated in dollars when the dollar is depreciating, then the value of their main asset, oil, is also depreciating. So it makes sense for them to have a basket. I can see the logic on their side, and I can also see the logic in the senses of the global systems. Do we have to have the dollar forever as the only reserve currency? How do you get from here to there without much damage not just to the United States, but to the whole global system? The global system requires a healthy USA. And that process is going on. I mean, I think everybody is aware of the risks involved [in] moving too fast, even though it's not moving too fast right now. But it's definitely moving, and to me, that's not troubling because I can see why it makes sense for the countries that have oil and lead to a transition to a more balanced world economy.

PGI: It's interesting that you say that “the global system requires a healthy USA.” Does the U.S. still hold enough sway on demand dynamics, especially with oil?

PM: The United States is still by far the most powerful economy in the world – maybe not as powerful as it was 3 years ago. And one of the reasons why it is powerful is because a lot of other countries count on us. If our economy does badly or if our government issues ridiculous amounts of new currency, their assets would suffer because they are denominated in U.S. bonds. And so that gives us certain leverage over them, even though they also have certain leverage over us.

The main question about the U.S. is: Would an American transition to non-oil energy affect the suppliers? Well first off, the transition is not going to happen immediately. There is very little prospect of oil being replaced as the main fuel, especially in the transport sector, within a year. I mean, it's going to be a process of many years and definitely not abrupt. Signals, of course, could be very important. If the government of the United States decides very seriously – much more seriously than it was able to so far – to marshal a path to a “post-oil” future, that can send a signal that oil is not the future, and hence, we are not going to need in 20 years nearly as much oil as we need now. I think things like this can sure impact the producers of oil because part of the price of oil is speculative, and we think we're going to need it for a while to come. So if we send a signal out that we are not going to need as much in the future as we need

now, that can help in effect. And also, if our consumption is indeed reduced, given that we consume nearly 20 million barrels a day (which is about 20-25 percent), a small reduction in our consumption would free up an interesting amount of supply, which would have an effect on oil price.

In addition...given that the United States is the world's largest economy, where do we actually cut off? Because whatever technologies we find, whatever directions we take are ones that other countries will take very close notice of, and if these are kind of good shifts, they will follow them. It's not just the United States embarking alone without anybody going in the same direction. I would add a caveat to that, which is actually that the directions we need to go into are ones that other countries are already ahead of us in; they are much more fuel efficient than we are. So if we just go in the direction of Europe, then Western Europe per-capita carbon emissions are about 1/3 below the United States. If we just go in that direction seriously, that can have a big effect.

PGI: In your experience, while writing the book, did the oil-producing countries come across as concerned about Obama's new policies?

PM: Well not really. Most of my reporting was done before Obama came into office. I wasn't in Saudi Arabia or Nigeria when Obama was president or had even been elected president.

PGI: But he did speak about his policies during his campaign. Did any of that seem to stir concern amongst the producers?

PM: Well I didn't feel it because I think that in one way, the Obama rhetoric was a statement of the inevitable. A lot of people in the world looked [at] the policies of the Bush administration as really an ostrich sticking its head in the sand – policies about climate, developing renewable energy and conservation [were] really primitive. And therefore, what Obama was saying as a candidate was not of the order of “Oh my God, this man is going to just implement this strategy that we had not envisioned and this is going to send the world in a direction we don't want to go in.” I think the world was waiting for this. So it's not a total shock, and to much of the world it's welcome. [I]t's really not something that's taken people by surprise.

As for the producer countries [and] the worry that they may lose their biggest customer, there is always that relationship between suppliers and consumers where the suppliers worry about losing their

customers. In 1973, when the OPEC oil embargo took place – although we here in America tend to regard it as a sign of how powerful the OPEC countries are, and that was indeed a frightening experience for us where all of a sudden we didn't have the oil we needed – the oil prices shot up. We had to wait for hours at the gas stations. Actually, on the other side of the equation, it was kind of a failure of an embargo, because what happened in the United States is we became much more efficient in our use of oil. We stopped using oil to a great extent. Not completely – home heating, for example. Particularly countries like Japan, which became ruthlessly efficient in its usage of energy. From the point of view of the supplier countries, they realized within a couple of years that by having this embargo they had actually scared some of their customers away and made some of their customers [find] alternatives to oil in the sense of using more natural gas, more conservation, et cetera. They had known the supplier countries for a long time, but there is a kind of a fragile relationship that exists between them and the consumer countries – that if the prices go to high, that will draw the consumers away for a very long, if not permanent, period of time. So I don't think they had a new concern as a result of the Obama administration's policy or the Obama rhetoric. I think they have always had those concerns. It's probably just a little closer to the surface now, but they realize they can't control it. They can get as much oil out of the ground as possible, and they can say “Don't worry, there will be enough oil,” but I do think over there in those countries, they realize that they are not in the driver's seat.

PGI: Finally, what do you think of the concept of independence from foreign oil, which has been part of the rhetoric since 1975?

PM: It's a diversion, I think, because independence from foreign oil implies dependence on domestic oil, but we simply do not have enough domestic oil to supply the energy we need. So [to] the people who say we should be independent of foreign oil, that sounds very nice, but the fact is [that] it's simply impossible unless you reduce considerably our energy consumption. Which would be a nice thing, but I don't think the people who are saying we should not be dependent on foreign oil mean that we should consume 50 percent less oil. The real question is dependence on oil, not dependence on foreign oil, because we can't become independent of foreign oil. The other aspect of that slogan is that it tends to be directed at Middle Eastern oil producers who are not really our largest supplier of oil – it's Canada. The Middle East is crucial in terms of global supply of oil, [and] therefore crucial in terms of the price of oil.