

## BOOK REVIEW

CRUDE AWAKENINGS: GLOBAL OIL SECURITY AND AMERICAN FOREIGN POLICY by Steve Yetiv, Cornell University Press, 2004

Reviewed by Jonathan D. Schneider\*

It has been over thirty years since the 1973 Arab Oil embargo and since the United States' awakening to the fact that it no longer owned or controlled the lion's share of the world's oil reserves. After nearly a century in which United States' companies and its western allies maintained nearly exclusive ownership over the world's oil through the dominance of the Seven Sisters, Organization of Petroleum Exporting Countries' (OPEC) effort to exercise a stranglehold over the supply of oil, in order to influence American foreign policy, was a wake-up call unlike any in the Nation's history.

Coupled with the interstate natural gas shortage of the mid-1970s, the realization that the United States could no longer take energy supply for granted generated no small amount of panic, and, for a time, a substantial level of activity devoted to correcting the situation. The mid-1970s saw the creation of the Department of Energy and the Synthetic Fuels Corporation, the development of a host of associated entities devoted to the developing and funding of alternative sources of energy, the creation of the Strategic Petroleum Reserve, the establishment of Corporate Average Fuel Economy (CAFE) standards mandating increases in average automobile fuel-economy, and the encouragement of alternative sources of power production under the Public Utility Regulatory Policies Act and a variety of related tax incentives. The Nation also embarked on an effort to reduce its dependence on oil imported from the Persian Gulf.

Whether due to these efforts or otherwise, total U.S. oil imports following the embargo fell from a high of 8.8 million barrels of oil per day in 1977 to just over 5 million barrels per day in 1985. Contemporaneously, imports from the Persian Gulf, as a percentage of total U.S. imports fell from a high of 27.8% in 1977 to a low of just over 6% in 1985.<sup>1</sup> Yet, following this apparent success, United States oil imports subsequently rose to over 12 million barrels in 2003, while imports from the Persian Gulf rose to 20.4% of total imports in the same year.

Of course, the world has changed in countless ways through these years, and these figures reveal less than a complete picture of the evolving security of the Nation's energy supply. With shifting alliances, the rise and fall of nations, and an evolving military picture, it is quite clear that there are a host of variables to consider in answering the question whether, over the past quarter century, the U.S. oil supply has become relatively more or less secure. It is to this matter that Steve Yetiv applies himself in *Crude Awakenings*.

The question of whether America's oil supply has become more or less

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1. ENERGY INFO. ADMIN., HISTORICAL PETROLEUM SUPPLY/DISPOSITION DATA tbl. 5.4, at <http://www.eia.doe.gov/emeu/aer/txt/ptb0504.html> (last visited Feb. 24, 2005).

secure since the dark days of the oil embargo warrants serious consideration, since the answer has important implications for both domestic economic and foreign policy, and a host of micro-economic decisions made by private entities throughout the Nation. Yetiv's answer, one he describes as well out of the mainstream, is that the supply of oil has become more stable over the course of the past twenty-five years.

Of the many factors Yetiv advances in drawing this conclusion, five are paramount, including: (1) the diminution of external threats to the stability of the Saudi regime; (2) the enhancement of Saudi Arabia's military and economic influence in the region and the perceived diminution of threats from Iraq and Iran; (3) the rise of American military and economic power in the Middle East; (4) the economic interdependence of the OPEC nations and their trading partners, principally the United States; and (5) the collapse of the Soviet Union and the counterweight to American authority that it posed in the Middle East.<sup>2</sup>

Yetiv draws enormous comfort from what he sees as increasing security for the Saudi regime and his view that the Saudis have learned that aggressive pricing practices and the withholding of supply will be to their ultimate detriment. As to Saudi security, Yetiv's thesis depends heavily on the first and second Gulf Wars, the removal of Iraq as a destabilizing threat to the region, and what he views as the moderation of the Iranian regime. Much of this analysis comes down to what Yetiv views as the salutary effect of the use of American military power in the region. As Yetiv states:

The United States has evolved from a period in the 1940s when its ability and will to affect regional politics was minor, to a period in the twenty-first century during which it has become the primary external protector of global oil supplies from large-scale threats. The rise of the United States in this role took place mostly in the past two decades, and it represents an important anchor of oil stability . . . . On a perceptual level, many more actors now *believe* . . . that the United States has the direct and indirect ability to protect oil stability. That in itself decreases the potential for market instabilities.<sup>3</sup>

Speaking of the second Gulf War, Yetiv asserts:

[T]he Iraq War further enhanced American regional credibility in this sense. It did establish quite clearly that Washington would use massive force (and expense) to protect security – as it perceived it – even in the thankless task of nation-building.<sup>4</sup>

Thus newly secured within their borders, the Saudis, Yetiv argues, have become substantially more reliable trading partners for having recognized that the intemperate use of their market power will ultimately reverberate to their detriment by diminishing the value of Saudi investments abroad. This simultaneously encourages the United States, once again, to take seriously the goal of achieving real energy independence.

As important as this subject is, and with due credit to Yetiv for engaging it, *Crude Awakenings* is an incomplete, unsatisfying book, and possibly a dangerous one. To begin with, Yetiv's core question – whether the United

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2. STEVE A. YETIV, *CRUDE AWAKENINGS: GLOBAL OIL SECURITY AND AMERICAN FOREIGN POLICY* 10–18 (Cornell Univ. Press 2004).

3. *Id.* at 59.

4. YETIV, *supra* note 2, at 76.

States' oil supply is more secure now than twenty-five years ago – would seem to be the wrong one, or, at most, only one analytical step along the way to asking the more important question—whether the United States is *sufficiently* secure. Concededly, the latter question is far more difficult, and it requires a host of value judgments as to the United States' goals. But to say, using a medical analogy, that a patient is in less mortal danger now than before an intervention, begs the vastly more important questions of whether the patient is still mortally ill, and what must be done accordingly.

Even on his own terms, it is not at all clear that Yetiv is right. Timing may be part of Yetiv's problem. The book was published in 2004, after the ostensible U.S. victory over Saddam Hussein's regime, but before much of the extensive ensuing strife. Much of the book was surely conceived and researched well before the war. The real history of this war and its impact, of course, has yet to be written. Whether Yetiv is ultimately right – that the war will accomplish what he claims – remains to be seen. But it is simply impossible to say at this juncture, as Yetiv does, that the war will make the Middle East a more secure place. Prior to the second Gulf War, Yetiv's reliance on America's military preeminence as a factor enhancing the United States' sway in the region may have appeared justified. But in the long-run, the second Gulf War may profoundly demonstrate the limits of what American military action can accomplish. While the United States is obviously quite good at defeating conventional military threats, it appears unable to translate that success into the establishment of alternative secure environments. Paradoxically, the threat of military intervention may well have been a far more effective tool in securing the Middle East than the intervention itself.

To his credit, Yetiv outlines several potentially unhappy scenarios for Iraq, including extended civil war, the establishment of a fundamentalist Shia regime, and the complete disintegration of central authority. Yet, Yetiv discounts these prospects against what he appears to see as the unalloyed improvement in the region's prospects through removal of Hussein from power. But viewed solely through the prism of oil security, it is difficult to see why extended anarchy in Iraq or the installation of a fundamentalist Islamic regime better serves U.S. interests than a weakened and contained Baathist regime.

The nightmare scenario, and one which Yetiv does not directly engage, is one in which Iraq is overtaken by a fundamentalist regime which, in conjunction with an emboldened Iran, serves to spark a sympathetic uprising in Saudi Arabia. In isolation, Yetiv does consider the prospect of a fundamentalist regime arising in Saudi Arabia, although he discounts the impact on the United States, commenting that “even if a reactionary, anti-western regime takes control over time, it will still likely want to sell lots of oil.”<sup>5</sup> But Yetiv's confidence in the inevitable logic of the marketplace belies what is now known to be the fact that Islamic fundamentalists, for better or worse, do not respond to the same set of incentives as American capitalists. If events of the past few years have taught the United States anything, it is that a significant part of the world has rejected a set of values that engender behavior that western capitalist regimes would consider rational.

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5. *Id.* at 225.

Toward the very end of his book, and perhaps in answer to what he knows is the unarticulated question of whether the United States' energy supply is secure enough, Yetiv devotes some attention to the efforts the United States has made, and may yet make, to reduce its dependence on foreign oil. In answering that question, Yetiv briefly discusses the potential offered by a variety of alternative fuel technologies, the debate over stiffened fuel efficiency standards, the potential for an oil consumption tax to reduce consumption, and the confluence of the pro-environmental and conservation agendas. In the course of the discussion, Yetiv mentions the fact that seventy-five percent of the world's oil production is devoted to the world-wide transportation sector, while the figure is seventy percent for the United States. These figures strongly suggest the vast untapped potential for reducing the United States' dependence on foreign oil through conservation, the promotion of mass transit, and fuel efficiency. The promotion of alternative fuel technologies and the development of domestic resources would further reduce its dependence. In fairness, it bears mentioning that Yetiv does state: "to say that the stability of oil supply has increased does not mean that the aggressive pursuit of alternative energy sources is unimportant."<sup>6</sup> But having said that, if one accepts Yetiv's thesis, one would be forgiven for glossing over these few passages. After all, why worry, when the United States' energy supply is increasingly secure?

The answer, for this reviewer, is several-fold. To begin with, it is hardly clear that Yetiv is right, even on the narrow terms in which he has defined his question. Although time will tell, as of this writing, the security of the Middle East, and certainly of its oil supply, appears to hang in the balance. Moreover, and even assuming Yetiv is right, the unsettling cornerstone of Yetiv's case for enhanced security in the Middle East is the United States' military presence in the region and an on-going willingness to engage its adversaries militarily in order to secure oil supplies. There is, of course, the matter of the cost of such intervention, now running at roughly \$70 billion annually for the U.S. occupation of Iraq. More importantly, given the fact that the United States possesses the very substantial potential to enhance our energy security through a wide variety of well-known means without military intervention, there is a moral dimension to the question of whether the United States has any business expending the lives of thousands of young American men and women, to say nothing of the lives of those in the nations in which the United States intervenes, in pursuit of an oil fix. The answer, for this reviewer, seems self-evidently—"no." Having said that, it seems high time for the United States to renew in earnest the effort it began thirty years ago to extricate itself from the quagmire into which its need for Middle Eastern oil continues to draw it.

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6. YETIV, *supra* note 2, at 225.