

# PRIVATE EMPIRE: EXXONMOBIL AND AMERICAN POWER

By Steve Coll, Penguin Press 2012

Reviewed by William A. Mogel\*

Readers of this *Journal* should be intrigued with *Private Empire*,<sup>1</sup> which promises an inside look at ExxonMobil and how it acts like a sovereign (“a corporate state within the American State”),<sup>2</sup> exercising its own “foreign policy” in 200 nations.<sup>3</sup> Unfortunately, *Private Empire* does not deliver on its promise, breaks no new ground, nor produces evidence of corporate wrong-doing.<sup>4</sup> *Private Empire*’s nearly 700 pages and twenty-eight chapters are a wordy, anecdotal review of disparate incidents involving ExxonMobil in locales such as Alaska; Chad; Venezuela; Indonesia; Nigeria; and Jacksonville, Maryland.<sup>5</sup>

This could have been a more compelling work, especially if it documented a rationale that international, leviathan corporations—energy or otherwise—deserve special government oversight. *Private Empire* doesn’t prove its thesis that big is “bad” or offer a solution if there is an endemic problem with large, multinational corporations.<sup>6</sup> Surprisingly, there is no discussion of the anti-trust laws or how ExxonMobil evolved from Standard Oil.<sup>7</sup>

Stylistically, *Private Empire* tends to over-dramatize, assign pejorative meaning to terms like “K Street” and “private jets,” provide unneeded information about minor players (“a descendant of an English cricket captain”),<sup>8</sup> and offer irrelevant information such as: the Saudi Ambassador’s home in Beverly Hills was next to Drew Barrymore’s<sup>9</sup> or a description of the Japanese synthesizing pearls in Qatar.<sup>10</sup>

*Private Empire* is also littered with purple prose and non-sequiturs, to wit:

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1. STEVE COLL, PRIVATE EMPIRE (2012).

2. *Id.* at 19.

3. *Id.*; see also Adam Hochschild, *Well-Oiled Machine: ‘Private Empire,’ Steve Coll’s Book about Exxon Mobil*, N.Y. TIMES (June 8, 2012), available at <http://www.nytimes.com/2012/06/10/books/review/private-empire-steve-colls-book-about-exxon-mobil.html?pagewanted=all>.

4. As to examples of “wrong-doing,” Mr. Coll notes ExxonMobil’s early opposition to alternative energy projects and challenges to certain scientists’ findings on climate change. COLL, *supra* note 1, at 79-92.

5. *Private Empire* criticizes ExxonMobil for not devoting more time to nation building in Chad than it did in the development of oil reserves. *Id.* at 355.

6. There is no dispute that ExxonMobil is a highly profitable corporation, earning \$36.1 billion in 2005 with a market cap of \$360 billion which uses its size, resources and political relationships to further its interest. *Id.* at 318. *Private Empire* acknowledges that ExxonMobil’s success is a result of “project execution, budget management and cutting-edge technology.” *Id.* at 53.

7. With regard to the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1-78dd-3 (2012), the author incorrectly states: “American corporations should not act corruptly if they have a choice in the matter.” COLL, *supra* note 1, at 142 (noting that this was the Act, “as interpreted by the [Department of Justice]”).

8. *Id.* at 284.

9. *Id.* at 208.

10. *Id.* at 195.

“Alaska’s storm-swept seas and icy glaciers might look forbidding, but at least they were situated in a nation that welcomed private capital.”<sup>11</sup>

*Private Empire* unsuccessfully searches for a villain. However, the best it comes up with is former CEO Lee Raymond, who, at worst, comes off as a curmudgeon who has a long friendship with Vice President Cheney. The author summarily concludes:

“Lee Raymond would manage Exxon’s global position after 1989 as a confident sovereign, a peer of the White House’s rotating occupants. Raymond aligned Exxon with America but he was not always in sync[.]”<sup>12</sup>

*Private Empire* makes no attempt to analyze the reasons for ExxonMobil’s success. For example, in describing the company’s lobbying in Washington, *Private Empire* glibly states:

“ExxonMobil’s strategy was not so much to dazzle or manipulate Washington as to manage and outlast it.”<sup>13</sup>

According to the author, “ExxonMobil did not want anything *from* the American government, but it did not want the government to do anything to the company, either.”<sup>14</sup> What does that “insight” mean?

In conclusion, *Private Empire* may be on to something. Large, multinational corporations, particularly those that operate in essential industries, such as energy, and require large investments, may require special oversight by the government. However, *Private Empire* has not made the case that ExxonMobil used its bigness to “cut the game.”<sup>15</sup>

Apparently, ExxonMobil is presumed guilty because its “motivations were pecuniary—the interests of its private empire.”<sup>16</sup> Commercial success alone is no basis to support *Private Empire*’s thesis, or target ExxonMobil, without compelling evidence.

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11. *Id.* at 2. Another example should suffice:

“A few days before the Exxon Valdez ran into Bligh Reef, thousands of Hungarians marched through Budapest.” *Id.* at 17.

12. *Id.* at 19. *Private Empire* acknowledges that Raymond achieved in 2005 a return on capital of 31%. *Id.* at 324.

13. *Id.* at 72.

14. *Id.* at 74.

15. In a charming political novel, *Roscoe*, the author, William Kennedy, has one of his characters list the petty crimes and misdemeanors available to crooked politician to “get the money.” The character, Felix, tells a crony: “If they play craps, poker or blackjack, cut the game. If they play faro, or roulette, cut it double.” WILLIAM KENNEDY, *ROSCOE* 8 (2002).

16. COLL, *supra* note 1, at 412.