Abstract:

The IEA Cartel, Oil-Price Swing States, and U.S. Oil Hegemony: How “Cheap Oil!” remakes the world in America’s image

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Thomas W. O’Donnell(1)
Science, Technology and Society Program, Residential College
The Michigan Center for Theoretical Physics
The University of Michigan, Ann Arbor

The global oil system and the slogan “No Blood for Oil!” are examined using official data from the US DOE’s Energy Information Agency (EIA), the OECD’s International Energy Agency (IEA), and the EU Directorate-General for Energy and Transport. Beyond the ultimate ability of the US Navy to block oil deliveries anywhere in the world, US dominance within the oil-consuming nations’ IEA cartel, in concert with US penetration and/or occupation of all the Gulf Region’s “oil-price swing states” (save Iran), brings to the US control over production rates and, hence, the global market price of crude oil. “Cheap oil!”—the energy-religion of the American bourgeoisie—is the relentless economic weapon with which it continually remakes all nations in the image of its own automobile- and oil-centered homeland. In spite of the e-revolution, fossil-derived “Cheap oil!” remains the basis of transportation everywhere, and has rendered alternative energy uncompetitive. Oil-supply and oil-price hegemony brings the US geo-political and economic advantage over its rivals, the EU, Japan and China. Two-thirds of all oil reserves are in five Gulf Region countries, but the US obtains only one-eighth of its oil there, while these rivals are all highly dependent; this strategic advantage is a major basis for US hostility to fighting global warming. Following the 1970’s OPEC embargo, Kissinger proposed to undermine the OPEC producers’ cartel with a rival consumers’ cartel—today the IEA. The IEA requires all member nations to maintain a three-months’ oil supply underground, as leverage against any future OPEC embargo. With this leverage, and other means, OPEC, and Saudi Arabia in particular, have long been ‘persuaded’ to constantly adjust production to maintain the price of oil within a US-and-IEA-dictated range. With the oil-supply uncertainties before the 2003 Iraq invasion, the IEA threatened to unleash its reserves. This caused OPEC to agree to now directly collaborate with the IEA on price and supply adjustments through the new joint “International Energy Forum” (IEF). The main threats to this US-dominated, global cheap-oil system, are: i) the domestic crises of the Saudi royal regime, especially evident post-9/11, and ii) the rapidly increasing oil demand of China. The latter threatens to cause prices to rise uncontrollably and to promote alternative-energy development. The US-British-Japanese occupation of Iraq, and the planned eight-to-ten-year expansion of Iraqi oil-production, seeks to create a fourth, US-dominated “oil-price swing state,” as a hedge against both threats i) and ii), as does the Cheney National Energy Plan’s push for increased investments in oil-pumping and delivery capacity everywhere possible

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(1) Mail: The University of Michigan, 134 Tyler Hall, Residential College, Ann Arbor, MI, 48103-1245
E-mail: twod@umich.edu, URL: http://www.umich.edu/~twod/sof