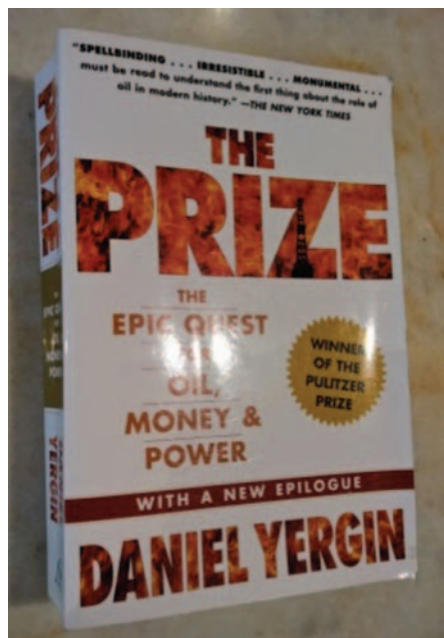


The Prize: the epic quest for oil, money & power

By Daniel Yergin



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The Prize is a monumental work documenting the discovery of oil and how it became a commodity that touches almost all aspects of our lives, from economics, recreation, technology and politics, to war and peace. The book is set out in five parts, each comprising about 10 chapters. The parts are; 'The Founders', 'The Global Struggle', 'War and Strategy', 'The Hydrocarbon Age' and 'The Battle for World Mastery'. There are nine maps to orient readers, like myself, who have never been to the exotic locations that the oil industry revolves around, and 97 photographs of the main players.

Part I begins with Oil Creek, where 'rock' oil, so-called to differentiate it from vegetable and animal oils, was known to bubble out of springs and into salt wells in northwestern Pennsylvania. In the 1850s rock oil was being used as a folk medicine, a remedy for ailments from headaches and toothaches to dropsy. A learned man, George Bissell, who was a genuine polymath, knew rock oil was flammable and saw that it could be used for illumination. That was the start of the Age of Petroleum.

The distillate of rock oil was called kerosene, from *keros* and *elaion* (Greek

for 'wax' and 'oil'). Of course bitumen had long been used in the Middle East (3000 BC in Mesopotamia!) as a building mortar, and for caulking. The Roman naturalist, Pliny, wrote of the pharmaceutical benefits of bitumen. Homer wrote in the *Iliad* of the use of arrows tipped with flaming bitumen to set enemy craft on fire. The reason that rock oil eventually prevailed over coal oil for illumination was price. Bissell adapted salt boring techniques to discover oil at depth, to much ridicule at first but, in August 1859, Bissell's consortium struck oil.

John D. Rockefeller's activities from February 1865, and the Sherman anti-trust laws that led to the dissolution of Standard Oil consume Chapters 2 to 5. One thing Yergin does well is descriptions of characters. This is not simply a chronicle, it develops the individual strengths, and the peccadillos, of the people involved in the oil story, and Rockefeller senior is ripe for the plucking. Rockefeller was a seriously unusual person. His relentless negotiation style would wear his opponents down until they capitulated. As such, Rockefeller built Standard Oil into the largest monopoly in the world, refining 90% of American oil by 1880. One lasting impression the reader of *The Prize* will have is the number of strange personalities amongst main players in the petroleum industry in the early days. Today we would probably describe them as 'being on the spectrum'. J. Paul Getty was one such person. His idea of a relaxing evening was totting up his incomings and comparing the total to the total of his outgoings. His income was many thousands of dollars per day, while his expenses were typically amounts like a dime for a newspaper and 3 cents for a cup of tea. Getty famously rewarded the Canadian geologist who made him very rich with only \$1000. While that was a lot of money in the early 20th Century, given the accurate expert opinion this geologist gave Getty, which made him the multi-millionaire that he became, it seems somewhat deficient. Rockefeller was a curmudgeon early on but redeemed himself in later life.

The invention of the internal combustion engine towards the end of the 19th Century was a game changer which is analysed in detail in Part II. By WWI oil was a strategic commodity and the world changed irrevocably. Navies converted from steam to oil allowing them to

manoeuvre and cruise faster, and, more importantly, to refuel at sea. The French and British, neither having oil fields of their own to exploit, divided the Middle East between themselves; or, at least the French Premier, Georges Clemenceau, and the British PM, Lloyd George did. Unfortunately they failed to inform their respective foreign ministers leading to strained relationships between France and Britain. And soon the Americans and Germans were making their move on the Middle East. What could go wrong?

Part III begins with the Japanese under threat from both Soviet communism and Chinese nationalism in the 1930s. The Japanese had their sights set on the Dutch East Indies, Malaya and Indochina and oil, in the 'spirit of co-prosperity and co-existence based upon the Imperial Way'. Japan was dependent on American oil and Tokyo instituted a policy to establish industrial self-sufficiency. Tokyo reasoned that the ABCD (American British Chinese Dutch) powers were engaged in a conspiracy to strangle Japan and the rest is history. Towards the end of WWII both Japan and Germany were starved of oil. Oil had become crucially important to the security of nations.

Following WWII the domestic consumption of oil in the US began to surge as affluence increased and every household acquired automobiles. Middle East oil became even more important. Part IV covers the post-war petroleum order, the Suez crisis and the rise of OPEC. Part V deals with the events that have directly affected many of us alive now. Chapter 28 is entitled 'The Hinge Years: Countries versus Companies'. By the 1970s demand had increased beyond supply and the world depended on America and the Middle East for oil. Automobiles were getting larger, had automatic transmissions and were air conditioned. Environmental concerns also meant a shift away from coal. Then came the oil shock (Chapter 29 'The Oil Weapon') after the Arab-Israeli wars, with armaments courtesy of the Soviet Union and the US respectively. Foreign policies of many nations are now dictated by oil and national security. Anyone wondering about the driving forces in global politics today should read *The Prize*. I highly recommend it.

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