The Feigned and Future Demise of Big-Oil

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Four of the top five Global Fortune 500 corporations are involved in petroleum refining. Together with big-finance and industrial giants like big-auto and utility monopolies, big-oil dominates the global economy.

The monopoly it enjoys grants it the unwarranted power and influence it has wielded throughout the 20th and 21st centuries. And because big-oil is integrated into big-finance and other corporate-financier monopolies through various mutual interests, its influence reaches even further still.

The ability to manipulate prices in the markets, starve or bolster any particular nation by targeting energy essential for modern civilization constitutes a weaponization of energy. However, despite this immense power, there are some who claim big-oil's days are numbered. On one hand they are wrong, on the other, they are absolutely right.

The Feigned Demise of Big-Oil

In the lead-up to the US-engineered "Arab Spring" and a number of other engineered political subversions executed around the globe with varying degrees of success, oil prices had been skyrocketing. Articles like the BBC's March 2011, "Oil price: Should we fear the latest rises?," claimed that:

> With populations and incomes steadily increasing in Asia, there seemed to be an inexorable rise in global energy demand.
>
> And with a finite limit to the amount of hydrocarbons in the ground, "peak oil" – the point where global oil production reaches its highest practicable rate – became the buzzword.

When prices were rising in 2008 and then again before and during the so-called "Arab Spring," the world was expected to believe growing populations and increasing demand versus "peak oil" meant high prices would endure indefinitely. Yet today, prices are again at extraordinary extremes – dropping rather than skyrocketing. Did the population suddenly shrink? Did the population continue to grow but suddenly stop using energy?

Despite the BBC and other Western media narratives, oil prices are not necessarily driven by supply and demand alone. Often they are manipulated on a global scale because, since the advent of petroleum driven economies, but a handful of powerful monopolies have controlled both the production and distribution of oil, as well as its price in the markets.

Just as "peak oil" was used as a canard to explain manipulated prices at extreme highs last decade and early this decade, the collapse of big-oil is being used as a canard to explain the manipulation of low oil prices today.

In reality, Western-controlled big-oil corporations are attempting to kill off smaller competitors and geopolitical rivals including Russia and Venezuela. It can be likened to chemotherapy where the entire body is poisoned in hopes that the body is strong enough to survive, while the smaller tumor within perishes. Likewise, big-oil hopes by dropping oil prices through the floor, despite the devastating effects it will have on its own health, it will survive even if just barely, while its rivals perish.

But just because today's feigned demise of big-oil is a canard to explain this otherwise cynical politically-motivated hegemonic manipulation of global oil markets, doesn't mean that big-oil's future is secure. On the contrary, it is anything but.

The Future, and Very Real Demise of Big-Oil

Corporate-financier funded policy think-tank, Chatham House, published a pessimistic report regarding big-oil titled, "International Oil Companies: The Death of the Old Business Model." Ironically, Chatham House counts among its corporate sponsors (.pdf) the very international oil companies it describes in its 47 page paper (.pdf).

The paper states that:

> The future of the major international oil companies (IOCs) – BP, Chevron, ExxonMobil, Shell and Total – is in doubt. The business model that sustained them during the 20th century is no longer fit for purpose. As a result, they are faced with the choice of managing a gentle decline by downsizing or risking a rapid collapse by trying to carry on business as usual.

The paper even admits that many of the excuses for lower oil prices today are superficial and that big-oil's demise is a matter of much deeper, systemic obsolescence. Also evident is the fact that Western big-oil faces a rise in competitors backed by state power in South America, Eastern Europe, and Asia. And while it still is not a significant factor yet today, it inevitably will be one in the future – solar power and other alternative and more importantly – decentralized – methods of producing energy for industry, homes, and transportation. These will permanently displace both big-oil and the monolithic, centralized model of business it represents.

While the Chatham House paper prescribes several options for big-oil to exercise to make a transition from its current global stature to a downsized and diminished player in global energy, it admits that big-oil will decline nonetheless.

For instance, the report cites BP's attempts to diversify into alternative energy, including solar energy. Unfortunately for BP, the entry barriers into the solar energy industry are extraordinarily low and becoming lower each quarter, meaning the prospect of dominating it like BP has dominated the capital-intensive petroleum industry for decades are slim to none.

Singularity University, a California-based think-tank, noted recently that solar power has begun to thrive even in parts of the world where it is not subsidized. Prices for solar power production are decreasing exponentially because of rapid advances in technology – a trend that has not happened in the energy industry before. Singularity University's Ramez Naam in his August 2015 piece titled, "How Cheap Can Solar Get? Very Cheap Indeed," points out the precise details of this trend concluding:

> If this holds, solar will cost less than half what new coal or natural gas electricity cost, even without factoring in the cost of air pollution and carbon pollution emitted by fossil fuel power plants.

Coupled together with exponential increases of electric vehicles taking to the roads, powered by expanding alternative energy networks, regardless of what oil prices do, alternative energy and electric vehicles will still be cheaper and more efficient as the technology for both matures and is disseminated. In a future where energy and transportation are linked more to coding and electronics any nation's industry can become engaged in, rather than capital-intensive mega-engineering only a handful of corporations around the world are capable of doing, big-oil does not exist.

That future may be far off – for example, not even 1% of the cars on the road in the United States are electric, but the nature of exponentially disruptive technology is such that this future most likely will arrive much sooner than many expect. With Tesla Motors' growing line of electric vehicles making ripples across America's automotive industry and the growing network of charging stations it is putting up across not only North America, but also Europe and Asia, it is clear that there are serious players already shaping this future today.

Repositioning for the Real Demise of Big-Oil

For the nations of the world, the "international order" the immense concentration of wealth and power big-oil and big-finance have given rise to, is no longer unassailable. Because of technology's advance, and the ability of increasingly smaller players being able to enter into industries previously monopolized by only the wealthiest and well-connected interests on Earth, developing nations and emerging superpowers are building alternatives to the West's monopoly over global energy – among other things.

However, nations like Russia or Venezuela who depend heavily on oil and gas must understand the mountain they have made progress climbing up, is already beginning to crumble at the top. By the time they reach the top, there will be no top left to conquer.

Instead, nations around the world must prepare to develop infrastructure around alternative energy and electric vehicles – leveraging their natural and human resources to innovate and implement these solutions where eventually the collapse of big-oil will leave a void.

By doing so, they will be placing further pressure on the remnants of Western big-oil, undermining the unwarranted influence the West has wielded, while driving local development and economic expansion at the same time. By getting ahead of the alternative energy and electric vehicle curve, these nations can fill up global socioeconomic space existing Western monopolies may try to occupy as they shift from big-oil to other alternatives.

While it will not be easy to do this, the effort involved must be compared with the alternative of continuing to pursue and invest solely in oil and gas and contemplating how to survive, let alone thrive, when oil and gas prices finally bottom out permanently – not because of market manipulation – but because of genuine supply and a permanent lack of demand.

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