

Review of Rachel Maddow

**Blowout:
Corrupted Democracy, Rogue State Russia,
And the Richest, Most Destructive
Industry on Earth**
by James W. Fox

Full of detailed observation of the oil industry, people in the industry, its benefits and costs, together with an astute analysis of the goals and pretensions of Vladimir Putin, this is a must-read.

The book has many strands and vignettes on characters that make up the drama of the oil industry, but three main themes loom through all the detail: the industry and its operators, the awesome political power it makes possible, and the geopolitical threat posed by Russia under Vladimir Putin. These three do not fit particularly well into something coherent, but they make for a lively and entertaining read. The bottom line of the book – what we should do about the issues she poses—is disappointingly modest.

The industry. The first thing to know is that oil is indispensable to modern life, for now and for decades to come. The second is that discovery of large amounts of it will produce incredible wealth for its owners and exploiters. Third, oil production can be hugely destructive when bad things happen. (It can also be very destructive of the world’s environment through global warming, but the book doesn’t address this issue.)

Political power. Maddow details how the financial wealth that comes from oil produces awesome political power. Taxation is anathema to the industry, and historically it has been able to enjoy highly-favorable tax and regulatory treatment. Its supporters in Congress, beneficiaries of campaign money from the industry, show their gratitude by keeping it that way.

The book provides a detailed case study of Oklahoma’s oil and gas industry that was able to avoid regulation of the industry about fracking for years as the evidence of dramatic increases in earthquakes gradually became overwhelming, conceding to change drilling practices only when no sane person could believe its denials anymore. She also demonstrates the industry’s ability to avoid taxation. The state grew rich from oil and gas, but government funding was left far behind. Funding for schools steadily fell in real terms because of the tax treatment of the oil industry. Only after a popular revolt, led by schoolteachers, was the political system able to force the industry to grudgingly pay more in taxes.

Vladimir Putin's geo-political threat. The book gives the history of how the Russian government corruptly used the courts to destroy private oil companies that were developing the technological capacity to compete on world markets for energy. A promising sector was replaced by a politically-driven state oil company incapable of managing Russia's vast energy resources. Once this happened, the industry became dependent on foreign technical expertise to get the oil and gas out of the ground. Rex Tillerson and Exxon Mobil were happy to provide that, and concluded the biggest oil deal in the world with Putin, who awarded him a medal.

Then the book leaves the industry behind and provides a chapter on the Russian spying efforts in the United States, starting with that group of "sleeper" spies that was eventually busted by the FBI. They were a bumbling group, unable to provide anything useful, and were being monitored by the FBI all along. Putin then turned to a much more productive tool, cyberwarfare, to help put Donald Trump in the White House. The book goes on to discuss Russian machinations in Ukraine to use oil to assure control of the country's government, along with discussing the threat of Russian gas dependence to Western Europe. Altogether, this discussion rests a bit uneasily with the rest of the book.

The book has numerous profiles of the men (yes, men) who have been making the oil and gas industry what it is today. Some of these seem so personal that I wondered if Maddow herself has interviewed them. The annex on sources makes clear that this was not the case. Instead, she relied on extensive research of business-related publications and public documents. Below are some of the colorful characters brought to life in the book.

Aubrey McLindon. Audrey McLindon was the most flamboyant of several oil men profiled in the book. He made the most of new natural gas technologies to become one of the richest men in America. He worked tirelessly to put Oklahoma City (OKC), his headquarters, on the map. He pushed environmental practices in his modern campus there and in big charitable contributions to environmental causes. His biggest local achievement was bringing a good NBA team to OKC. Eventually, he overextended, went through a bad divorce, got indicted for bid-rigging. The day after the indictment he died in a single-car accident on the interstate – ruled an accident, but surely a suicide. His empire collapsed after that.

Austin Holland. A geologist for the state of Oklahoma, he became the leading expert on the unprecedented series of earthquakes that accompanied the fracking boom in Oklahoma. A careful researcher, he worked tirelessly under the intensely-interested eye of oil producers. As the science that fracking was causing the earthquakes became more definitive, he was eventually forced to go elsewhere. He finally identified the specific practices that were producing the quakes, and the industry, grudgingly at first, altered their drilling practices that ended the problem.

Teodorin Nguema Obiang Mangue. The dissipated son of Equatorial Guinea's longtime dictator

Teodorin became the poster boy for corrupt oil-producing developing countries, spending millions for Michael Jackson memorabilia, living lavishly in Malibu with his private jet and spending millions annually. His lifestyle and spending came under investigation by U.S. authorities. The book ends there, but the eventual outcome was an agreement by his father, still in power, with the IMF in December 2019 to clean up the country's act and actually spend money on the country's poverty-stricken people. The country even agreed to adhere to the Extractive Industries Transparency Initiative (EITI), an effort by the international community to address rampant corruption in oil-exporting poor countries.

Rex Tillerson. He is villain #2 in the book. As he explained to Congress, issue number one for Exxon in dealing with oil investments in other countries is sanctity of contract. It is none of Exxon's business how countries treat their citizens or how they spend the money that oil brings them. He assured the country that big oil follow "best practices" in avoiding adverse environmental impacts of oil drilling, despite numerous examples where the industry was unprepared for disasters like Deepwater Horizon, and woefully inadequate in minimizing the damage they caused. He adamantly opposed Section 1504 of the Dodd-Frank Act that mandated annual reporting of all payments made to host governments for extraction of natural resources. The industry strenuously fought implementation in the courts, and one of the first acts of the Trump Administration was to repeal it. His coziness with Vladimir Putin, jointly working on the biggest oil extraction project ever until it was halted as part of the sanctions on Russia resulting from the invasion and occupation of Crimea. Tillerson apparently hoped as Secretary of State to reverse the sanctions so as to make his long-time employer even richer.

Vladimir Putin. Villain #1. The book has a description of the ruthless ways that Putin used to destroy his enemies or potential enemies, both in Russia and abroad. But the book is more concerned about his political ambitions to weaken the United States, NATO, and Western Europe.

The bottom line. While the book is highly entertaining and informative about the industry and its leading characters, it is notably short on what should be done to curtail its power and impunity. Her prescription is containment through public outcry and political mobilization, as occurred finally in Oklahoma. It would be nice if this were to happen, but the hope for a groundswell of national public opinion in favor of taming the industry seems almost whimsical.