
The high cost of cheap oil

The prevailing development model is to a large extent based on oil, which has been imposed as one of the main energy sources for most human activities (industry, transportation, heating, cooking, etc.). However destructive its extraction and use may be, the main reason for its success is its cheapness. Because it is cheap, its continued use is enhanced and because its use increases, so does its extraction. In theory, oil companies should be extracting less oil to achieve a higher price and hence more profits. However -as happened during the past oil crises- a more expensive oil opens up opportunities for other sources of energy (e.g. solar, wind, biomass) to become economically competitive. And this is something oil companies fear very much.

This would explain why Occidental Petroleum, for instance, insists on trying to drill oil out of the U'wa indigenous peoples' territory in Colombia, in spite of their opposition and the ensuing damaging publicity this is entailing for the company. It would also explain why Shell and other multinationals continue active in the Ogoni territory in Nigeria in spite of the international outcry following the legal murder of Ken Saro Wiwa and the blatant human rights abuses linked to oil in that country. For oil to be cheap, the extraction rate must never diminish and new oil wells need to be identified and explored.

But oil is not cheap at all. It involves huge costs, only that they are not included in the price paid by the final consumers.

The major cost is of course human. In the tropics, oil extraction is carried out in areas inhabited by people. The rights of those peoples are disregarded and their territories are taken over and given in concession by the government to the oil companies. In many cases this leads to struggles against the companies and to official and unofficial repression and human rights abuses.

All the resources which since time immemorial had served to meet the needs of local indigenous peoples are degraded. Drinking water is poisoned. The air becomes polluted. Wildlife becomes scarce. Forests disappear. All this impacts on the health and livelihoods of local people.

Oil extraction at the same time affects the health of the forest ecosystem. Firstly, oil exploration and extraction are direct causes of the deforestation of large areas of tropical forests and of the degradation of the forest as a whole through its impacts on water, air, wildlife and plants. Secondly, the oil activity constitutes an underlying cause of deforestation and forest degradation because it opens up the forest and thus creates the possibility for logging and forest conversion to agriculture and cattle raising.

In sum, local people and local ecosystems are the main -though by no means the only- victims of oil activities. They are not even able to receive the "benefit" of using cheap oil for their cars to carry them around, since they can't afford -and probably never will- to own a car!

At the global level, it is a well-known fact that oil is one of the main causes of the greenhouse effect and is therefore also threatening humanity as a whole. But the predominant economically-oriented

model only seems to accept "economically-feasible" -even if socially and environmentally disastrous- solutions. This explains why the establishment is so keen on the "carbon shop" approach: more fossil fuel use and tree plantations to "offset" the resulting CO2 emissions. Never mind the impacts that those plantations will have on people and the environment and never mind that this "solution" will solve nothing: it makes -for them- economic sense.

Within such scenario, there are a large number of entry points for action by people who are really concerned about the future of humanity and about the rights of local peoples. But perhaps one of the major issues is to achieve a moratorium of new oil exploration and extraction, particularly in the tropics. A more scarce oil will increase prices and other energy sources -clean, low-impact, renewable- will be able to make "economic sense". The struggle to this end has already started and the U'wa and the Ogoni are perhaps the more well known- though by no means the only- cases of trying to impose such moratorium in a very concrete way within their territories. Support to such local cases of resistance is therefore essential, both from a local and global perspectives. The cost of cheap oil has become too high to bear.