

Halliburton, oil and water.

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- *From:* Les Cargill <INOCargill@xxxxxxxxxxx>
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Y'know, I've seen a lot of people foaming at the mouth about the cozy relationship between Halliburton and the Gummint lately.

I don't think it's all that well understood.

When we look at the history of how Big Things got built - dams, oilfields, skyscrapers - it's always been an uneasy mix of private and public funding. The history of the Golden Gate Bridge both shows how pure private funding works, and just how limiting it is.

In "Cadillac Desert", we see how the Bureau of Reclamation ran its course as a pure* Government agency. Obviously, a more-private hybrid could serve both private and public needs.

*there were subs, but not like now.

There used to be a mix of diverse companies doing this. But as business technology has progressed, we have the general tendency towards consolidation, coupled with uncertainty due to political and resource supply.

When the smaller oil companies built reserves of cash to weather the coming storm of domestic depletion around 1970, they became targets for greenmailers. There became an "inventory tax" on oil tank stocks.

Some of this was Reagan - a natural enmity existed between

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the Water People (the Central Valley farmers) and the Oil People in California. Reagan was a Water Person, who largely was funded by the Central growers as a reaction to Carter's threat to assess them for water payments.

And a lot of this was extreme downward pressure on oil prices. The "generation" of management at Oil Business companies post '83 was locked in a struggle over this fact. This should have folded back demand, but as we know, this is More Complicated Than That.

The upshot is that one company ends up being the most efficient, vertically (and somewhat horizontally) integrated solution provider.

So either the consolidation trend is bogus, egged on by fees glommed by the actors who implement them, with weak results (90ish% of all mergers lose shareholder value) or consolidation is a basically sound strategy.

The case for consolidation is prima facie - fewer heads, less cost. But we see a great deal of opportunity for Rent, then. But this is s'posed to be "managed" by contract rules. So, oy - it's a mess.

Finally, we see the election of Cheney as VP, which looks like a conflict of interest. Well, not *really*.

Only a person with inside dope *on* a Halliburton can *really* know the score - one need only look as far back as Carter to see how damaging good intentions can be.

At its core, this subject seems fraught with the sort of contradictions embraced by a St. Augustine. And we are reminded that these things are not *really* business as usual, but complex and dangerous. And that none of us can claim a perfect knowledge of what should be.

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Is there equivocation on my part? Of course - I am trying to remain politically neutral on a subject where that is all but impossible. We more or less inherited an organically constructed "deal with the devil", and it's going to be difficult to ignore the past. It's a sort of Gordian Knot, and we know who cut it this time 'round.

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Les Cargill

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